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THE JOURNAL OF THE AMERICAN SOCIETY  
FOR PUBLIC ADMINISTRATION

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# Public Administration Review

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## IN THIS NUMBER

GARRET L. BERGEN has been with Marshall & Field Co., Chicago, since 1936, and vice president since 1946. He has served on the National Labor-Management Manpower Policy Committee and as vice president of the Personnel Division of the American Management Association.

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HAROLD SEIDMAN served as a United Nations consultant at the seminar on Organization and Administration of Public Enterprises in the Industrial Field held in Rangoon, Burma, this spring. He has been a member of the staff of the Office of Management and Organization, U.S. Bureau of the Budget, since 1943 with principal responsibility for work related to the organization of government corporations since 1945. He has made special studies of government corporations for the governments of Puerto Rico and Colombia, and during 1950-51 was a member of the Commission on Application of Federal Laws to Guam.

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CLIFFORD R. BARNES was commissioner, Department of Finance, Kentucky, 1951-54, and recently resigned to enter the insurance business. He has been on the staffs of the U.S. Treasury Department, 1935-40; the Office of Emergency Management, 1940-42; Office of Budget and Finance, U.S. Department of Agriculture, 1942-48; and was director of the budget, Department of Finance, Kentucky, 1948-51.

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# The Career System in Business

By GARRET L. BERGEN

*Vice President, Marshall Field & Company, Chicago*

THE assignment I have is so broad and so deep that if I happen to overextend my time it will not be my fault but the fault of the chairman of this session. No man could really cover this topic. No man has the knowledge or the time. All I can do is pretty much on a random basis hit some of the highlights that I think business, industry, commercial business are concerned with and think are the most important things today—not just Marshall Field & Company. I have been getting around and have been mixed up with the thinking of the American Management Association and the national industrial conference boards, so some of the things I will mention are by no means limited to Marshall Field's.

## I

IN TALKING about finding and developing executive talent I would like to make it clear that I am going to understress the problems of recruiting and finding that talent. I happen to believe they are less important. My emphasis is going to be on the problems of developing people once they are found.

First, it is fashionable to use the word "climate." It is also, I think, accurate to say that the key to this whole question is the climate at the top. Climate has all kinds of connotations and definitions. What I think I mean by having the right climate at the top is that the basic way the business is run is important to the whole question of developing executive talent—the way the policies and goals are set; communication from the top down with all of the cards out on the table so that there is a minimum of unknown factors to be feared by a person who is developing; the extent to which the organization's lines are made clear,

so far as any formal organization can be clarified.

The extent to which the authority really is delegated down the line is important. The way people develop is by testing their wings, by getting their feet wet. Delegation of responsibility and authority to people is the way to develop people.

Also important is the way top management, whether in government or in business, accepts the fact that development is a problem for it, too—not a matter of saying, "This is good for you guys down the line; you need developing, but not I." That is an indication of what I think most of us feel is the wrong kind of climate.

What we are trying to do is actually to free an organization so it will be possible for the people within it to develop and grow.

Second, we think it is important to secure agreement on policies and principles first, not to jump into techniques. My first job in personnel was in 1927 with the Irving Trust Company in New York. I wrote my Master's thesis on job analysis and job classification, which was not at that point the fad that it became during World War II. But testing was a fad at that time as it has been since. This executive development thing can be a fad, too, if it is discussed, interpreted, and installed in terms of techniques, without thinking through its principles. Here are a few.

First, if we are going to have management development we must be sure what management is. We think it is something like this: management has the objective of guiding and coordinating the physical and human resources of a business into a dynamic organization unit that meets or beats its objectives, with a high degree of satisfaction on the part of those whom it serves and high morale and

NOTE: This talk was given at a session on "Career Systems in Review" at the annual conference of the American Society for Public Administration, March 19, 1954.

a strong sense of participation and attainment on the part of those engaged in it.

We think it is important to recognize that the management job is becoming increasingly complex in terms of number of activities, volume of work, breadth of responsibility, and concern with outside influences.

Third, management is an activity by itself, unlike any other activity. It requires people with the necessary qualifications—which may or may not be similar to the qualifications required by an individual's previous jobs. For managers to develop the necessary skills and abilities requires preparation.

We who are in business are in one of the greatest competitive eras we have ever had, after many years of being out of it. The successful competitive enterprise will seek ways of improving the effectiveness and productivity of its members. This improvement in effectiveness can result only from the effectiveness of its managers. An organization can improve the effectiveness of its managers and management only through an analysis of its needs and through planning a systematic approach which will improve the performance of the present members of management and develop future members of the number and quality required.

There are really three objectives. The first is to strengthen the performance and the potential, the promotability, of present managers already on the executive roster. The second is to develop qualified reserves for future needs. And the third is to make sure that every man and woman with the potential actually receives the help and training needed so that he or she can develop as far as his or her abilities permit. These may sound broad and general, but unless we can get agreement on things like this the rest of the program is so much periphery.

Still talking policies, we feel strongly that no one can develop an executive except himself. The job of management is to make it easy instead of difficult for him to do so. In other words, part of the job is to remove the barriers that stand in the way of the individual going as far as he can.

A few other points. These happen to be a few from our own Marshall Field policy book. Every manager who supervises the work

of other employees of course is responsible not only for their performance but also for their working conditions and morale. Every manager is expected to establish standards for measuring the performance of each employee under his supervision and to review his performance with him at regular intervals. The manager is responsible for the development of people that report to him. He is responsible for the building and improvement of his organization. He has failed unless he has added something to that organization which would not exist without his help. Just to inherit a department and keep it the way it is is failure.

This responsibility of a manager cannot be delegated. A manager may delegate to others certain instructional training, but he retains the responsibility and accountability for personal coaching. The efforts and results of managers in developing people under them are major factors in their own performance, and they are appraised by their own superiors on the basis of these factors. Although this is the responsibility of each manager in the business, company-wide coordination is necessary in order to equalize the opportunity for all executives, so that one doesn't get stuck in one area, and to enable the business to capitalize fully upon its potential resources.

This management development problem is a long-range problem. It does not fluctuate with business conditions. It must go on through good years and bad.

The abilities required of managers can be learned. Training and development are as important as initial selection. Most people (and this is a very important thing), regardless of their qualifications, are able to grow. Experience of itself without planned training does not automatically increase in value with the passage of time. One year's experience in a job may mean no more than one week's training repeated fifty-two times.

Since people learn best when they are faced with problems, the planned exposure of people to problem situations is the key to development; and since people develop and learn through making mistakes, mistakes while learning are favorable to the individual's development. They should not be held against him unless they are repeated.

The appraisal of an individual's potential in the business will reflect the opinion of several executives. This is very important. Although the individual's own performance, the extent to which he has met his performance goals during the last six months, can be judged best by, and should be judged by, his immediate supervisor, his future in the business should not and cannot be determined by his immediate supervisor alone.

Well, maybe I have seemed to dwell on these principles too much, but we think this whole question of policies and principles is the key to everything we do.

## II

**M**OVING into the methods that seem to be important today, I think most businesses feel strongly that one is the concept of decentralization—decentralizing the responsibility for executive development, but with central coordination. Any attempt to "expert" any form or technique or procedure is wrong. Whatever is done in training or in the way we appraise performance, the line managers must participate in setting it up if they are to carry it out well.

We feel strongly the worst thing for executive development is to set up a "paper" program. As a matter of fact, we are not sure it is a program. We think, rather, that management development is an attitude rather than a program.

We feel that we can make greater progress by finding the places where the soil is right—getting a few pilot departments or divisions and letting executive development find its level where the division heads or department heads are ready for it. Develop some success stories where it works before trying to spread it on a company-wide basis, and before publicizing it too much. Let the results tell the story, like the old quote from Emerson, something to the effect that "what you do stands in thunder so loudly over your shoulder that I cannot hear what you say."

When you start to take stock, it is worth recognizing that there are several types of executive inventory. The first is an inventory of what you are doing now, because executive development has always been going on; the second is an inventory of the jobs and require-

ments of the business as it stands now; the third is an inventory of the people in the business and their potential and talents; and the fourth is an inventory of where the organization is going in five to ten years.

Then there is the thing called appraisal, appraising people in terms of performance and potential—to determine what kind of people you have, to determine to what extent their individual needs can be helped in the next six months, to make it possible for an individual's superior to talk with an individual executive about where he really stands in the business and where he is going and how he can improve.

Then I am sure you know that in the last few years there has been a widespread adoption of the group appraisal idea. This, by the way, goes back to the principle I mentioned earlier—that the individual's place in the business is not determined by his immediate superior alone. The technique of having a three- or four- or five-way discussion about each individual's *future* in the business (not so much performance) makes for a more reliable judgment of the individual's personal factors. Personal factors, like "how does he get along with people," are things that are quite critical in determining whether a person gets promoted or not. The reliability of the judgment on factors like that is enhanced by pooling the judgments of four or five people who are in a position to know something about the way the individual works, instead of letting the individual's boss merely check a form that says whether he is "good" or "fair" or "satisfactory" or "weak."

If you have not been using this technique of group appraisal I commend it to your attention. After a department head has appraised the performance of an individual, he comes in with people from collateral departments with whom he works, with his own boss, with the personnel manager for that end of the business or the training supervisor. These people then sit down and talk through the man's potential and what can be done to strengthen it. We do this at least once a year. We feel we learn a lot more about our people this way, and the people themselves have a fairer shake in the business.

We think that the weakest thing we are



doing in this field is talking to people about where they stand. People are afraid of people. They don't know how to talk to people. They don't know how to talk to them about their good points, and certainly they do not know how to talk to them about their weaknesses, about the things that seem to be standing in the way of their advancement. It is hard to do this and retain the individual's dignity and have him go out of the office saying, "By George, I'm going to show them in the next six months."

I believe that is partly owing to the fact that we have "paper" programs. We go through our reviews on a formalized basis instead of making a genuine attempt to get people to talk and get out in the open what they have on their minds on a man-to-man basis.

We have too much of a tendency to play God and to say, "You are low in this and high in that." We are talking about abstract qualities as though we really knew whether a person had them. We talk about "organizing ability" and say, "You must improve your organizing ability." Instead, we have got to learn how to talk to help him delegate more clearly, so that he delegates and really does give up authority as well as responsibility, so that when he delegates there is clear understanding on the part of the person who gets the assignment of just what results are expected, how the results will be measured, at what time the job is supposed to be completed, and so forth. If we do this, perhaps we can help the executive improve his organizing ability.

We think we can do a better job through planned exposure of an executive to assignments, experiences, and problems. If we think that an individual makes too many snap judgments or goes off half cocked or takes too much time to make a decision, we can deliberately plan an assignment or a group of assignments on which we will work with him during the next period on a basis that actually gets at those weaknesses. This is the least expensive way to develop anybody. It is always timely, it is always real, and we think that it helps both the person being developed and his boss.

We think that this whole question of the use of a group conference as a means of de-

veloping people has much promise. We think that one way to get people exposed to the kinds of problems they are going to have to tackle later with full accountability is to consult them, before they are promoted, on these problems and let them get a taste of the factors they are going to have to worry about later. This is a "problem-solving conference."

If we have outstanding people and we don't quite see where they are going next, all we have to do is think of some area of the business that really needs exploring or some new horizon that needs to be exploited, and assign the jobs to these individuals. You don't have to wait until a hole appears on the formal organization chart to find opportunities for good people.

We also think that the understudy, backup method, in which each supervisor has an assistant or understudy, is wasteful. The concept of a "reserve pool" is a better way to plan to man the business in the future.

For example, if you have 300 department heads and 300 understudies, an analysis of your needs and the rate of attrition will tell you you are not going to need these 300 people for many many years. If you have that many people understudying, you get a lot of second-raters. If you have identified, no matter where they work, the outstanding people in the business—if you have 50 outstanding people understudying the entire next level—you are better able to identify and begin to help a more outstanding group. This system is definitely more economical. Also, it avoids the frustrations of having people in jobs as understudies and assistants year after year without foreseeable hope of advancement.

We are looking for people who are really challenged by our businesses—people who can take it as well as dish it out. We are looking for people who can take a controversial issue and resolve it. We think in our business one of our most difficult problems is to find people who can resolve controversies rather than stir them up. We need people who really want to learn how to get along with people they don't like. That is one of the problems of the young person. He gets along well with the people he likes in school and college, but in business the real problem is to get along with people



with whom you would not want to spend a week end or play bridge.

We have not begun to solve the problem of nonfinancial fringe benefits—nonfinancial status benefits. I mean such questions as how and when an individual gets his own telephone or who gets in the telephone book or on a mailing list.

We still have the problem of the "fair-haired boy." We believe we have to face the fact that the whole question of competition means that some people *are* going to go ahead faster than others. However, the way the promising young person is handled is very important.

### III

WELL, that's about it. Here is a sort of summary. First, although executive development should not be a paper program it does need systematization. The hit-or-miss method is wasteful. Experience goes on, always has gone on. Coaching always goes on. The whole question is whether it is good or bad. There is need for a systematized plan in order to have it work.

Second, every organization is full of barriers to the development of people. Some of them are policy problems, some of them are procedure problems, some of them start with the climate at the top. Results come from think-

ing through what there is in each business that stands in the way of learning about and helping develop outstanding people. Accept the fact that you have those barriers and try to get them out of the way.

Third, development and training are more important than the selection. Nobody farms as well as he knows how. All people have capacity to grow and improve above where they are now. At Field's we know that if we can improve the performance and potential of our managerial staff by a half of one per cent we will substantially increase our service to customers and our profits.

A big part of this whole problem is letting people know where they stand—honestly and with no kidding. One of the hardest, one of the greatest, things we can do for a person is to help him face up to the fact that he is not going any further. Incidentally, many people relax and become better people when they learn they don't have to struggle to get up higher. Some people think that if they don't look as though they want to be president some day, others will think there is something wrong with them. Finally, we think that developing people takes time and patience. It is a slow process, like raising kids. Executive development is an attitude, not a program. If we don't expect too much too fast, we will be astounded by the results.

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### Service to the Public Interest

This is TVA's Twenty-First Birthday. It is also the end of my twenty-one years with TVA.

Goodby and good luck. My deepest thanks to a great organization for the rewarding experience I have shared with all of you.

I know TVA under the leadership of its experienced and devoted Board will continue to do its best to maintain and improve the high standard of public service these twenty-one years have established.

In the months and years ahead don't let little minds or the greedy intimidate or enchant you or divert you from your service to the public interest.

—Gordon R. Clapp, "A Note to TVA Employees," May 18, 1954.

# Consolidation of City-County Health Functions in San Diego

By O. K. COPE

*Assistant to the City Manager, San Diego*

and M. D. TARSSES

*Assistant Chief Administrative Officer, San Diego County*

**M**ANY years of thought and effort culminated in the consolidation of the health departments of the city of San Diego and the county of San Diego on February 1, 1953. We regard this achievement as a milestone in local city-county relationships.

The people charged with responsibility for working out the details of consolidation were confronted with many legal, political, and administrative problems. Such problems can probably be anticipated wherever integration of two separate governmental organizations is attempted. Certain conditions, however, tended to facilitate this particular consolidation:

1. This area has had a history of excellent relationships between cities and county, and the pattern of cooperation between the county and the city of San Diego was already well established.

2. These were the only two health departments within the entire county; the county health department served the unincorporated areas of the county and the other eight incorporated cities.

3. Both departments were housed in the same general area of the jointly owned city-county administration building.

4. Although the departments operated as entirely separate organizational units, with the work of employees limited to the respective jurisdictions, they had the same health director and assistant health director. The department head was aggressive and energetic not only in his general administration of health activities but also in his sponsorship of consolidation.

**NOTE:** The authors wish to acknowledge research assistance given by David Balmer, administrative analyst, county of San Diego.

## *Background Information*

**S**AN DIEGO county is one of 58 California counties. Located in the southwestern corner of the state, its southern boundary is the international border of the United States and Mexico. Its area of 4,200 square miles includes a western coastal plain that stretches for 65 miles between the northern and southern boundaries and an eastern mountain and desert section. The nine cities in the county are all located in the coastal plain; six are in the southern metropolitan area and three are in the northwestern section.

According to the most reliable estimates, San Diego county ranks fourth in the state in population with 730,000 on January 1, 1954. The county has had a rather startling growth; official census figures were 556,808 in 1950 and 289,348 in 1940.

The population tends to concentrate in the southern metropolitan area which centers around the city of San Diego. This area accounts for approximately 600,000 of the county's current population. The city of San Diego, alone, has a current estimated population of 450,000; and between the decennial census of 1950 and the special census of 1952 it experienced a population growth of 31 per cent. The other cities have had a similar experience and many of the unincorporated areas have had comparable or even larger growth rates.

The particular public health problems of the county are mainly related to: (1) rapid population growth, with the attendant urbanization of many rural sections; and (2) prox-

imity to the boundary of a country with lower health standards.

In order to understand the most important motives in the campaign for consolidation of the city and county health departments, it is necessary to have a broad picture of the traditional pattern of government in California. California has traditionally been a "home rule" state. Under the general laws of the state, and subject to the provisions of the varying local charters, the regulation of health and sanitation matters may be undertaken by both cities and counties. Most of the cost of these functions is ordinarily financed through the local property tax, but the state subsidizes health activities to a limited extent through a formula provided in state law. The state also assists in financing certain health programs, particularly in their developmental stages. If a city or county does not take adequate measures for protection of public health, the state Department of Public Health is empowered to take whatever measures are deemed necessary and may charge their cost to the local jurisdiction. State law requires that all local health departments must provide six basic health services:

1. The compilation and publication of vital statistics—births, deaths, incidence of contagious diseases, etc.
2. Maternal and child health activities, consisting largely of prenatal and well-baby clinics.
3. Communicable disease control through case finding and immunization.
4. A public health laboratory to assist in communicable disease control and epidemiological work.
5. Health education through local health clinics and public contact with professional public health personnel.
6. Environmental sanitation for which certain basic standards are provided.

In addition, cities and counties may provide through local ordinances for a higher degree of regulation and protection than is required by state law.

State law also provides the authorization for consolidation of city and county health activities by specifying the general conditions under which a county may perform these activities for a city. There is nothing in the law which compels a city to have its public health services

performed by the county, although the fact that smaller cities are ineligible for special state subsidies may be considered to be a form of indirect persuasion. Conversely, if a city decides to abolish its health department and request the county to provide health services, the county must do so.

County property taxes are paid by all property owners in the county. City residents pay a city property tax for municipal-type services, and they, as well as all of the property owners of the county, pay county taxes mainly for services available on a countywide basis.

#### *The Local Situation before Consolidation*

THE first full-time health department in the county was established by the city of San Diego in 1923. Four employees, including the health director, were initially authorized for the department. In 1924, the county of San Diego established a full-time health department with three employees, exclusive of the health director. The county appointed as health director the same man who was serving the city, and from that time until the date of consolidation, the city and county shared the cost of the health director's salary.

The establishment of both departments was preceded by diphtheria epidemics in the city and the unincorporated area. The county's situation was made more acute by an outbreak of smallpox in the area outside the city of San Diego.

Between 1937 and 1949 the county entered into contracts to furnish public health services to the seven other cities then existing within the county (four in 1937, one in 1942, one in 1946, and one in 1949). On February 1, 1953, the date of consolidation, a contract with a newly incorporated city became effective, and the county health department has thereafter served the entire county.

There were seven employees in the city and county health departments when they were originally established. On January 31, 1953, there were 227 employees in the two departments—90 in the city department and 137 in the county department.

One of the outstanding motives for consolidation was the possibility of achieving greater equity in property tax payments. About 60 per cent of the population and the tax base of the

county is in the city of San Diego, and city of San Diego taxpayers were therefore paying through their county taxes a major part of the county health department costs and receiving little in return.

The emphasis on greater tax equity, to be properly understood, must be viewed in the light of the problem of "fringe area benefits," which has been a major issue in city-county relationships in California in recent years. Many of the cities have been understandably concerned and have pressured the counties, both directly and through the state Legislature, about certain urban services sometimes received by residents in the unincorporated area without payment of municipal or special district taxes. One of the by-products of this debate has been a realization on the part of some cities that inequities can be reduced or minimized through the elimination of duplicating services which are available through county government on a countywide basis.

A further impelling motive for consolidation was the desire to eliminate a different type of financial inequity suffered by residents both of the unincorporated area and of the city of San Diego. The contracts of the county with the other incorporated cities for enforcement by the county of their health regulations, ordinances, etc., had been formulated separately over a period of years, apparently without much regard for the varying costs of the special services involved. As a result, in 1950 the county received a total of \$5,400 from these cities for special services costing \$25,955. The consolidation provided an immediate opportunity for reviewing and revising all of these contracts in order to assure uniformity of treatment to all of the cities.

Prior to consolidation, the health director and the members of his staff who served both the city and the county were confronted with many difficult administrative problems resulting from the different requirements of the two jurisdictions. Not only were they subject to the control of two executive officers—the city manager and the county chief administrative officer—but they also had to contend with different organizations and procedures relating to such things as purchasing, accounting, budgeting, personnel recruitment, classification, and compensation. These difficulties de-

tracted from their ability to conduct their public health programs effectively and were also a constant source of annoyance to the two executive offices. Differences in procedures also created a serious training problem and inevitably resulted in some confusion and occasional inadvertent violations of regulations.

The lack of uniform employment conditions in the two departments created serious personnel problems. The county and the city have attempted for many years to adhere to a policy of providing uniform compensation for similar classes of positions, but certain discrepancies have developed and persisted. Since the city and county health department employees were in close contact, they were acutely aware of these differences. There were also some important differences in retirement plans, civil service rights and benefits, and miscellaneous allowances which continually created difficult personnel problems.

Professional and lay persons in the community who were interested in improvement of public health standards were also influential in promoting the consolidation of the two departments. They took the position that consolidation would permit better areawide solutions of public health problems, through more effective utilization of personnel, and the greater possibility of standardization of local regulatory ordinances.

The factors opposing consideration of consolidation were mainly of a political nature. For example, the county Board of Supervisors and the governing councils of the smaller cities were not delighted with the prospect of assuming responsibility for additional costs. They were faced with the inevitable dissatisfaction of the people (40 per cent of the county population) who would have to pay higher taxes as a result of consolidation.

The San Diego City Council was also concerned with the loss of direct control over public health activities within the city. The members of the council expressed some fears that the level of health services in the city of San Diego would be reduced; county officials, on the other hand, did not believe that there was real reason to anticipate such an effect because the population sections of the unincorporated area were, to a great extent, receiving health services comparable to those provided in the

city of San Diego. County officials expressly stated that it was not their intention to decrease the level of services in the city of San Diego. This basic objection of the city was overcome through two provisions of the charter amendments eventually presented to the voters of the respective jurisdictions: (1) that the city could reestablish an independent city health department if the City Council so desired and (2) that the San Diego City Council should be represented on the county Board of Health.

#### *The Consolidation Movement*

IN 1946, the field director of the American Public Health Association, in a study report titled *Public Health in San Diego County and City*, recommended the integration of the two health departments through establishment of a countywide health district. The idea of integration was accepted locally; however, accomplishment of this goal by means of a special district received very little support.

The first definite move by local officials for consolidation of the city and county health departments started in June, 1948, when the county Board of Health indicated that it favored consolidation and recommended that the matter be considered by the Board of Supervisors and the San Diego Council. (The county Board of Health was appointed under provisions outlined in the county charter and had a combination of administrative and advisory functions.) Following this recommendation, the county Board of Supervisors appointed a committee to outline a consolidation plan. At that time the county chief administrative officer called to the attention of the Board of Supervisors and the consolidation committee certain policy matters involved in the consideration of this proposal: (1) civil service status of employees; (2) employees' retirement benefits; (3) types of services above the level of state law requirements to be enforced for the city and the method of reimbursement to county; (4) disposition of certain borderline activities, administered by the two departments, which are normally not considered to be public health functions; and (5) organization, function, and method of appointment of the Board of Public Health.

In July, 1948, the consolidation committee

held its first meeting. The major part of the discussion was concerned with the San Diego city manager's proposal that the Board of Public Health provisions in the county charter be amended to provide for representation from the city of San Diego. The consolidation committee continued to study the matter during the balance of 1948, and the study included discussions with some of the important organizations in the community, such as the San Diego Taxpayers' Association. In the early part of 1949 the study committee recommended that the City Council and the Board of Supervisors take the steps necessary to achieve consolidation in accordance with plans and procedures mutually agreed upon by the two legislative bodies. The committee further recommended that the consolidation be accomplished under the following conditions:

1. Transfer of city employees to the county so far as possible, with adequate protection of their civil service status, fringe benefits, and retirement rights.
2. Elimination from the city tax levy of the savings realized by the city as a result of consolidation.
3. Submission by the Board of Supervisors of a ballot proposal for a representative board of health for consideration by the people at the next regular election.
4. Authorization by the Board of Supervisors and City Council of a "comprehensive management survey" of the many administrative and policy problems involved in consolidation.

These recommendations were never approved by the two legislative bodies, but, in the light of later developments, it is safe to assume that they had some influence on the subsequent course of consolidation.

Between 1949 and 1951 there were many changes in top management and in public health administrative personnel. A new health director was appointed in August, 1949; a new city manager took office in February, 1950; and a new county chief administrative officer was appointed in February, 1951. These changes meant a whole new cast of characters was involved in the discussions of health department consolidation, and it was necessary for these people to become acquainted with the entire problem. The health director continued to urge consolidation, and there were many conferences on the subject with the City Council,



Board of Supervisors, city and county health boards, city manager, and county administrative officer. In addition, the health director had some success in obtaining support from various professional and lay organizations in the community.

In September, 1951, after the city Board of Health approved consolidation in principle, the city manager and the county administrative officer decided that their staffs would conduct a preliminary study which could serve as a foundation for a consolidation program. It was the purpose of the city manager also to use this study as the basis for determining whether a formal proposal for consolidation would be addressed to the county. Such a proposal would most logically be advanced by the city, since it had a financial advantage at stake.

In November, 1951, the staff assistants of the city manager and chief administrative officer presented a preliminary report which was mainly concerned with an analysis of the financial effects of consolidation on the city and the county. This report provided some basis for anticipating the probable effect on city and county tax rates. However, it was pointed out that until some agreement was reached upon possible reimbursement for special services which might have to be performed for the city of San Diego, as well as disposition of fees collected under regulatory ordinances, it would not be possible to evaluate accurately the fiscal implications of consolidation. With regard to the disposition of fees, the city representatives came to the tentative conclusion that they would attempt to enact regulatory ordinances comparable to those of the county, and that the county would collect the fees from the regulated persons and businesses in lieu of a contractual payment from the city of San Diego. This arrangement was satisfactory to the county representatives, provided that city fees were identical with county fees.

In January, 1952, the City Council and the Board of Supervisors met to discuss the financial and legal aspects of consolidation. They were provided with a written report which included estimates of cost and effect on tax rates and a discussion of some of the procedural and legal problems involved. Neither of the legislative bodies took specific action at this meeting.

During the succeeding months there was more research and discussion by the staffs of the city and county management offices, and in May, 1952, the council and the board again held a joint meeting to discuss the proposal. At that time the City Council indicated its definite support of consolidation of the city and county health departments on two conditions: (1) the county charter would be amended to provide for city representation on the county Board of Health and (2) maximum protection would be provided to the civil service rights and retirement benefits of city employees involved in the consolidation. The Board of Supervisors agreed with the general objective and the conditions and expressed its intention to place on the November, 1952, general election ballot any charter amendments that might be necessary to assure that consolidation could be accomplished under the specified conditions. The health director participated in this meeting, as well as most of the other general meetings and discussions, and gave positive support to the general objective of consolidation.

Following the May meeting, intensive preparations were started by the management staffs of the two jurisdictions with the goal of achieving consolidation by February 1, 1953. These preparations included:

1. Drafting and legislative approval of the necessary city and county charter amendments for submission to the voters at the November, 1952, election.
2. Revision of affected city and county ordinances.
3. Adjustment of the 1952-53 city and county budgets to reflect the financial effects of consolidation.
4. Development of contract terms pertaining to financial arrangements between San Diego city and county.
5. Negotiation of revised contracts between the other eight incorporated cities and San Diego county.
6. Arrangements for the orderly transfer of city personnel to the county and for the protection of their employment status and retirement rights.
7. Plans for the transfer of city health department equipment to county ownership.
8. The transfer of borderline activities from the health departments to other organizational units within the two jurisdictions.



*Charter Amendments*

**T**HE preliminary survey disclosed the need for revision of the city and county charters in order to accomplish the complete integration of health activities. It proved necessary to draft three charter amendments—one to the San Diego city charter and two to the San Diego county charter. The electorate adopted these amendments in November, 1952, and the state Legislature ratified them in January, 1953.

The amendment to the city charter did not repeal the provisions authorizing the appointment of an advisory public health commission and the operation of a public health department by the city government, but established an alternative method for the performance of public health services. The City Council was authorized to enter into a contract with the Board of Supervisors whereby the county would be empowered to perform any or all public health functions for the city. This contract would also include specifications for the transfer to the county of existing city health department employees and protection of their employment status; the compensation of the county for the enforcement of health measures within the city; and the termination of the agreement and the reestablishment of an independent city health department if such action should be deemed advisable by the council at some future time. The amendment also provided that the city manager might assign residual functions to other city departments.

One of the amendments to the county charter broadened the charter provision relating to performance of functions for a city, which stated that the county and "any municipal corporation, district or political subdivision in the county" could enter into an agreement covering the performance by the county of any or all of the functions of such jurisdiction. The amendment stated that

... such agreement may provide for the employment by the county of any of the personnel of the municipal corporation, district or political subdivision ... and for the terms and conditions upon which such personnel are to be employed by the county, including pension or retirement benefits, civil service status, seniority credits, vacation credits, sick leave credits and similar employee benefits to be granted such personnel.

The second county charter amendment abolished the county Board of Health, which was administrative in nature, and provided for the establishment of a reconstituted advisory Board of Health. The new board consists of seven members serving four-year terms, with approximately half of the members' terms expiring every two years. Board members are to be appointed as follows: one member designated by the county Board of Supervisors to act as its representative; one member designated by the San Diego City Council to act as its representative; and five members appointed by the county Board of Supervisors—one from a list of three nominees presented by the joint action of the incorporated cities of the county other than San Diego; two from a list of not more than five nominees submitted by the San Diego County Medical Society; and two representing the citizens at large—one a resident of the unincorporated area and the other a resident of the incorporated area of the county. No single professional or business group shall constitute a majority of the membership. The duties of the Board of Health are as follows:

- (1) Advise the executive head of the Department of Public Health and the Board of Supervisors on matters relating to general public health policy and the specific programs undertaken by the Department of Public Health.
- (2) Recommend to the Board of Supervisors the adoption of such rules, regulations and ordinances relating to public health and sanitation as it may deem necessary and desirable for the protection of the public.
- (3) Advise the city council of any city served by the Department of Public Health on health and sanitation problems of interest to such city or cities.
- (4) Hear citizen complaints and formulate recommendations for appropriate disposition of such complaints.
- (5) Perform such additional duties as may be assigned from time to time by the Board of Supervisors.

Thus the San Diego City Council retains both active and potential controls over the health activities to be performed for the benefit of city residents: active control through representation on the Board of Health and through the negotiation of contract terms; potential control through the alternative char-

ter provision that permits termination of the contract with the county and the reestablishment of a city health department.

#### *Ordinance and Contract Revisions*

IT WAS necessary for the city to reexamine all of its health regulatory ordinances to determine whether they should be repealed, assigned to some other city department for enforcement, or enforced by the county through intergovernmental agreement. If the fullest benefits from the integration of health administration were to be realized, it was necessary that city and county ordinances contain comparable regulatory provisions. Several city ordinances were repealed; some that were on the fringe of health regulation were assigned to other city departments for enforcement; a few were modified to conform with the provisions of corresponding county regulations; and, as a final step, the entire health chapter of the city's municipal code was reenacted to embody provisions which were, when considered in their entirety, identical or comparable to the county ordinances.

As a consequence of the changes in the county charter, the county's administrative code required some revision. Because the Board of Health had been made an advisory body the code was changed to provide for direct appointment of the health director by the Board of Supervisors. The director of health came under the immediate supervision of the chief administrative officer and was given direct responsibility for enforcement of health laws and regulations.

It was also necessary to arrange for the revision of numerous contracts. These included not only the contract between the city and county of San Diego, which provided for the operations of the bacteriological laboratory, the sharing of joint administrative expenses, and other minor cooperative arrangements that had developed during the years, but also a variety of contracts between the county and the remaining incorporated cities of the county. The latter were revised in the interest of equity to the city of San Diego and the unincorporated areas simultaneously with the development of the new consolidation contract between the city and county of San Diego.

#### *Budgetary and Other Financial Adjustments*

IN May, 1952, when the San Diego City Council and the county Board of Supervisors agreed on a basic consolidation policy, the 1952-53 budgets of the two governments were in the final formulation stages. If consolidation was to be accomplished during the ensuing fiscal year, it was necessary to establish a target date and then make the required adjustments in the respective budgets on the basis of tentative estimates. February 1, 1953, was established as the target date. This date was chosen, rather than January 1, because the charter amendments (in the event of adoption at the November election) must be ratified by the California Legislature and this body would not convene until January, 1953.

It was necessary, therefore, for the county to adjust its budget to provide for the operation of the county department only for the first seven months of the fiscal year, and for the operation of the consolidated department for the last five months. The city of San Diego had to provide for operating its health department for the first seven months of the fiscal year, and also for two possible alternatives: first, the settlement of certain financial obligations to the county resulting from consolidation in the event the charter amendments were approved as scheduled; second, the operation of its own health department for the remaining five months of the fiscal year in the event the voters disapproved the enabling charter amendments.

It was also necessary to make adjustments in the revenue estimates in each budget. Additional revenues would be available to the county as a result of measures effective on the date of consolidation. Conversely, revenues from some sources would simultaneously cease to accrue to the credit of the city of San Diego.

As stated earlier in this article, tax equity was one of the important considerations prompting consolidation. With the completion of consolidation, property taxes for support of public health activities became a part of the general county property tax levy. As a result, the tax rate for the city of San Diego was reduced approximately \$0.10 for each \$100 of assessed valuation and the general county tax rate was increased \$0.05.

The property tax, however, is not the sole

means of financing public health functions. Other revenues are derived from fees charged to the public, especially for the inspection activities incidental to the environmental sanitation program. To achieve optimum equity in the distribution of the financial burden, it was necessary that the ordinances of the county and all incorporated cities provide for the collection of uniform fees for such services performed within their respective boundaries. In the development of contract terms the principle followed was that each jurisdiction would either establish, through its regulatory ordinances, the same fees specified by the comparable county ordinances or, if a fee of a lesser amount was enacted for local reasons, would pay the difference to the county from other funds. Such fees should accrue to the credit of the county directly if collected by county personnel, or indirectly through periodic payments if collected by city employees.

To encourage the development in local jurisdictions of the six basic health services mentioned earlier in this article, the California Department of Public Health distributes grant-in-aid funds in accordance with a formula based primarily on population. Before consolidation, both the city of San Diego and the county received allocations from this special public health fund. After consolidation, the county was entitled to receive the grants formerly allocated to the city. Also, on the effective date of consolidation the unencumbered balance of such grants remaining in the city treasury was transferred to the county.

#### *The Transfer of Personnel*

ALTHOUGH the city and county charter amendments provided for the integration of city employees into the consolidated health department organization, many details remained to be worked out before the actual transfer could be accomplished. In order to provide for the assimilation of city employees into the enlarged county health department, it was necessary for the county Civil Service Commission to amend the county's classification and compensation plan to include certain new position titles. For example, under a contractual agreement the city had operated the bacteriological laboratory to serve both jurisdictions;

hence, positions peculiar to laboratory operations had been included in the city's classification and wage plan and not in the county's.

The general policy agreed upon by the two jurisdictions was that no rights earned by any person by reason of city employment would be abridged as a result of transfer to county employment. The staffs of the two Civil Service Departments developed the following principles and procedures for effectuating this policy:

1. City personnel would be transferred to the county without change of status: e.g., probationary employees would continue their probation period in the county service; permanent city employees would become permanent employees of the county.
2. The county would fit all transferred employees into the county's classification plan.
3. If the maximum salary of the applicable county pay range were lower than the rate being received by a transferred employee at the transfer date, the employee would continue to receive the higher city rate.
4. All service in the city would, for transferred employees, be regarded as though it had been service in the county.
5. Accumulated eligibility for paid sick leave would be continued in the county up to the maximum of sixty days allowed by county civil service rules.
6. Earned vacation credits, not to exceed fourteen working days, would be carried over from the city to the county. Salary for all vacation credits in excess of fourteen working days would be paid to individual employees by the city at the time of transfer.
7. Transferred employees would be named and their new titles and rates of pay would be specified in the official city-county contract.

Obviously, the county assumed certain financial liabilities for paid vacations and sick leaves the rights for which accrued during city employment. It was agreed, therefore, that the city would pay the county for vacation rights carried over an amount computed on the basis of the salary rates in effect on the date of transfer. Because the use of sick leave privileges was less definite, no cash payment was made by the city for this contingency.

Probably the most complex personnel problem was related to the transfer of employee rights from the city to the county retirement system. The two systems differed in legal basis, rates of employee and employer contributions,

and ultimate retirement benefits. Therefore, it was necessary to develop arrangements that would protect both the vested interest of the transferred city employees and the ability of the county system to meet its added liabilities. The city hired the consulting actuary of the county system to study the problem, and he recommended that the transferred employees should become full members in the county system and that their future benefits should be computed on the basis that applied to other county employees. To accomplish this plan, the city paid to the county the accumulated employee and employer contributions that had been made by, or on behalf of, the transferred employees. Since the total of these contributions was less than the amount that would have been paid into the county system if these employees had been working for the county, the city paid an additional amount calculated by the actuary to make up the difference. The transferred employees thus became entitled to more liberal ultimate retirement benefits than would have been available to them had they remained under the city retirement plan.

#### *Other Transfer Arrangements*

**T**HE original acquisition of the equipment utilized by the city health department had been financed from two principal sources: the city general fund and the special public health fund derived from state grants-in-aid. Since all of the available equipment would be needed in the consolidated operation, it was agreed that ownership would be transferred from the city to the county. Because the special public health fund and its assets were being transferred to the county as a matter of legal right, equipment purchased through that fund was transferred to the county ownership without charge. Equipment which had been purchased from the city general fund was sold to the county at cost less accrued depreciation. The contract provided that in the event of termination, equipment would be returned to the city on the same basis as the original transfer or that the county would pay the city the depreciated value of the original equipment, except that any equipment that had been replaced in the interim would not be subject to this provision.

Over the years, two borderline activities had been administered by the joint health director—plumbing inspection and the dog pound. The county and city health departments each had a plumbing inspection section; the dog pound was a part of the city health department and served only the city. Since these services were not included in the six basic health services and the use of state grants for them was prohibited, the decision was made to transfer these functions to other operating departments prior to consolidation of the health functions. Therefore, in accordance with permissive charter provisions, the plumbing inspection activities were transferred to the city and county Building Inspection Departments respectively. The city dog pound was made the responsibility of the chief of police.

It is impossible to relate within the limits of this article all of the details that were necessary to accomplish complete consolidation of the two departments. Neither is it feasible to recite more than the most important of the contract provisions under which the new administrative organization was accomplished. The staff that negotiated consolidation realized that provision should be made for easy adjustment of contractual terms to fit future needs. The need for revision of regulatory ordinances could be anticipated; also there was the possibility that the San Diego City Council might sometime wish a higher level of certain health services within the city than prevailed for the county as a whole. Therefore, provision was made for supplementing the basic agreement from time to time to permit the county to perform additional or higher-level services for the city, provided the city reimbursed the county for their cost.

At the time the original contract was negotiated, the mosquito and rodent control activity was given consideration as a possible reimbursable service of this type. Analysis disclosed that the mosquito problem was county wide; hence, the cost of this program was borne by the county as a whole. Rodents, however, presented a problem that was intensified for San Diego city because of the harbor's seagoing traffic that potentially, at least, might import infected rats. Contract terms provided that the city reimburse the county for all capital equipment necessary for the rodent control

program and operating costs originally determined and periodically revised in accordance with a method to be agreed upon by the county chief administrative officer and the San Diego city manager. As a practical matter the amount of reimbursement is considered annually when the respective budgets are formulated.

#### *Conclusion*

THE extent to which objectives of consolidation have been realized may be evaluated on the basis of eighteen months of experience. The considerable time spent in working out the plans and contract details in advance of consolidation appears to have been well worth while. There has been no need for revision of the basic contract provisions, nor have there been any unforeseen problems of any consequence.

It may be of most interest that there have been no employee complaints or major personnel problems directly attributable to consolidation. The employees all seem to believe that they have been treated fairly and equitably and that there has been no detrimental effect to their rights and benefits as a result of consolidation. A great deal of credit must be given to the health director for the relatively smooth integration of the two departments. His effective leadership and administration

undoubtedly made the transition easier for all of the personnel involved.

The health director emphatically states that the county now has a more uniform and more efficiently operated public health program at a lower cost. Duplication of some supervisory positions has been removed, and the field workers of the department are able to operate more effectively since they can largely disregard political boundaries within the county. Furthermore, there has been a reorganization of field activities with the establishment of districts for nursing and sanitation personnel. This districting has permitted decentralization of headquarters and generalization of duties for such field personnel. Formerly, nurses and sanitarians were largely specialists; now they handle all of their respective duties within their districts. This arrangement has produced some savings in travel costs, but the main benefit has been the ability of the department to absorb greater work loads without increases in staff.

Therefore we must conclude that the consolidation of the two health departments has been successful in accomplishing its objectives. It is possible that this success will point the way to further functional consolidation in other areas of local government in our county—and we hope that it may provide some guideposts for similar consolidations elsewhere.

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#### *So That's What It Is!*

"Now," said Rabbit, "this is a Search, and I've Organized it—"

"Done what to it?" said Pooh.

"Organized it. Which means—well, it's what you do to a Search, when you don't all look in the same place at once."

—A. A. Milne, *The House at Pooh Corner* (E. P. Dutton & Co., 1928), p. 38.



# The Administrator and Public Policy

By FRANK P. ZEIDLER

*Mayor, Milwaukee, Wisconsin*

**I**N THESE days one hears considerable talk about diminishing the cost of government and the reduction of government personnel and services. Indeed, many serious attempts are being made, particularly on the federal and state levels, to diminish or abolish many functions of government. It is interesting that the movement to abolish jobs is not directed at the legislative or judicial branches but chiefly at the administrative branch of government. The public administrator is now under considerable fire, for a whole school of office seekers have campaigned on platforms of getting rid of various services and the administrators of those services.

It is entirely possible that this drive to diminish the quantity of work which is carried out under the title of public administration will succeed to a certain extent. It can be reversed only if the public becomes aware of what damage will result. But, fundamentally, we must recognize that there are two forces working against those who would drastically reduce public services.

The first of these is the "political force." The party out of office can return to power only if it has an army of workers. These workers need to be supported by party funds during the period of elections. Then they must be kept alive after the election, and the only feasible way is via the public payroll. The party managers and office seekers may have promised those who gave them financial support to cut the public payroll and to slash taxes. But, immediately after election, they must face the stern problems of having to reward their henchmen. And since few party leaders have any great convictions other than their own fitness to hold public office, they are willing to jettison the ideas of drastically curtailing public services rather than destroy job opportunities for their followers.

This fact perhaps is of no great comfort to the career public administrator, or to the civil service employee, for it may mean that either may be removed from his employment to make way for a political camp follower. But there are limits also to the replacing of career public service people by political camp followers; those limits are to be found in the degree of expertness required to carry on certain public functions to the satisfaction of the public. The time has long since gone by in public administration when any man with reasonable intelligence can fill any other man's position. Our civilization is too diversified and too complex to permit this; consequently, a civil service system has arisen to uncover and develop persons with the technical ability to carry on the administration of government. We might well conclude therefore that the promises of curtailing public services rendered by public administrators and public employees are ill conceived. We might well recognize that it is dangerous to public health, welfare, and the nation's security to pack the executive branch of government with political spoilsmen—even though political parties feel they cannot survive unless they have such spoils.

In the early days of my own city, public peace required a position of "fence-viewer"—someone who could settle disputes about fences between neighbors. No doubt many persons could fill that post. But consider, for example, the present-day position of superintendent of the water works of a metropolitan city. This is a large and highly responsible job which cannot be given to a political spoilsman without impairing the health of the community and endangering the lives of the citizens.

In view of the attack being made on governmental services and career public administration people, we might consider what can be done to foster good public administration as a



protection to the public against the political spoilsmen.

The first job to be done is to sell the public on the necessity for having good administrative services rendered by the government. We deceive ourselves if we think that we can dismantle the many agencies of government and slash their funds without impairing the economy and productive activity of the nation. The chief aim of those who desire to get rid of administrative services is to get rid of those services rendered the poor, the homeless, the indigent, the unfortunate. These people are oftentimes politically inarticulate and they have no champions or defenders who can pour in vast sums of money to keep political machines moving. The continual job of educating the public to their needs must be carried on by public-spirited citizens and people with a feeling for humanity.

However, if those who advocate taking away the meager assistance that governments render unfortunate people persist in their ideas, then a concerted drive is liable to develop to take away the administrative services rendered the specially privileged classes who engage in industry, commerce, and agriculture, whose prosperity is bolstered by government agencies. Curiously enough, something like this kind of thinking is already developing in many parts of the country. The industrialist wants to slash the activities of the departments of agriculture and the farmer wants to slash the aids given the industrialist—and both of them appear to have hurt each other considerably.

It is the job of the administrator to sell to the public a reasonable program of keeping his service or agency alive when it is actually rendering a community benefit.

Another responsibility which rests especially on top administrators, and also upon the legislative and executive branches of government, is to convince people that they should have properly trained personnel rather than spoilsmen handling critical agencies of government. The idea, for instance, of putting a "ward heeler" into the post of building or health inspector must be made so abhorrent to the public that it will throw out of office any political group that tries to carry on such a game. Similarly the idea of putting political hacks in charge of such a critical thing as American for-

eign policy, or the internal development of the country, should be made equally abhorrent to the general electorate.

In addition, however, the fact that political campaigns are now being waged against the public administrator means that administrators cannot be complacent with past methods of operation. As the people's way of life changes, the functions of government and the administration of those functions must also change. A political organization cannot really get rid of any governmental function which the public earnestly desires or requires. A modern administrator, therefore, must ever be on the alert to see whether the particular function of government entrusted to his care meets the current need of the public. This means that a public administrator must show initiative and enterprise. Every public administrator must keep his ears open to hear the voices of the people as they express their changing needs. Of course he will recognize that the people will demand of their legislative representatives more services and lower costs. The enterprising administrator must be able to come up with the ideas that will help meet these conflicting demands, at least in part.

A public administrator, in effect, must be a salesman selling his new ideas and new methods to the people and then to their representatives. In this way he can adjust himself to the changing times.

Public administrators and officials often say that they are too busy to take time out to inform the public of what they are doing. This omission can be a fatal error. Many a competent public official has had his carefully and painfully conceived solution to a problem nullified by unfavorable publicity simply because he did not attempt to sell his idea at the right time in the right places.

The administrator also has a task of selling his program to the people who work for him. Disgruntled employees are valuable assets to the political figure who seeks to destroy an agency or to get rid of certain public services. On the other hand, employees who are well adjusted and who feel that they are part of a team with a worth-while social objective will defend and assist the administrator against the inroads of unthinking legislators.

All of this adds up to the fact that the job of

the sincere, earnest, career public administrator has become more difficult than ever before. He is under attack by the politicians seeking places for themselves and their followers. The public wants him to render greater public service at less cost and often would drain his entire physical and nervous energy. He may face the hazards of a disgruntled employee who tries to do havoc to his life's work.

But in the kind of world we live in at the present time a competent public administrator—whether he be scientist, engineer, accountant, personnel man, or man of law—is in the front line of the fight to preserve our individual liberties and personal freedom against other administrators who are motivated by totalitarian philosophies. The chief problem, therefore, of the public administrator is to develop a philosophy and attitude toward life which will enable him to meet the vicissitudes and hazards of his position, whether mental or physical, and at the same time keep himself an effective component of the governmental system which preserves our basic liberties.

An administrator must have an effective and sound philosophy of life. He must be more than efficient—for we have discovered that efficient administrators without sound philoso-

phies have sent millions of people to their destruction in the gas chambers of the concentration camps or on the battlefields of the world. These administrators were interested in doing an efficient job only in their own little spheres; they did not recognize that their activities were part of a larger whole important to all mankind.

I have said this repeatedly: the administrator—as well as the man on the assembly line—must be interested not only in the work that immediately surrounds him and in his immediate objectives. He must also be concerned with the end uses to which his work is put. Without such an interest and philosophy, on the part of an administrator and worker alike, there can be no future security for our civilization. But where there are high and intelligently conceived social motives which direct administrators and employees in their daily occupations, the end results for society will be beneficial.

The administrator, therefore, must be interested in total policy of the organization in which he operates. He must make himself effectively heard in the councils where such policy is determined. In one sense this has now become his most important function.

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#### The "Total Approach"

From the foregoing do not conclude that staff activity should be all at the top like cream on a milk bottle. Staff is not a little research bureau basking in the greatness of the chief administrator. Good staff work must permeate the several "echelons of command" clear down to the high private in the rear rank who actually washes the elephant. The military knows something of how this "total approach" is accomplished; few industrial and no political organizations do. In these latter organizations staff usually takes the form of committees or councils recruited at various levels and geared continuously upward. Unhappily, most administrators forget to define the scope of activity for such staff groups, which should always be advisory and inspectorial, never legislative or administrative, although Top Management enumerates several categories of authority for such staff organizations. . . .

—Lent D. Upson, *Letters on Public Administration* (Citizens Research Council of Michigan, 1954), pp. 14-15.

# The Government Corporation: Organization and Controls

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THE great increase in the number of state-owned-and-operated business enterprises during the last decade has confronted almost every nation with a basic dilemma: how can the operating and financial flexibility required for the successful conduct of a business enterprise be reconciled with the need for controls to assure public accountability and consistency in public policy? Attempts to resolve this dilemma have taken many different forms and met with varying degrees of success. Even within any single country there are substantial differences among the various enterprises in organizational and legal status, operational authority, and financial independence. The differences between countries are even more striking, since each nation must necessarily seek an organizational solution compatible with its constitutional system, political traditions, governmental structure, and economy. While no standard organizational plan for public enterprises has emerged, nonetheless certain general trends are now discernible throughout the world.

## *Institutional Development*

PUBLIC enterprises have, broadly speaking, gone through three separate and distinct stages of institutional development: (1) organization on the same basis as other govern-

ment activities; (2) autonomous corporations with almost complete freedom from executive and legislative controls; and (3) public corporations subject to executive and legislative controls of a new type specially devised to meet the needs of a business enterprise. Many examples of each stage of institutional development may still be found in almost every country.

Initially no distinction was drawn between public enterprises and traditional government functions. The oldest public enterprises, such as the postal service, tobacco, match, and salt monopolies, telegraph service, and, in some cases, railroads were generally organized, financed, and controlled in much the same way as other government departments or bureaus. While this type of organization appeared to solve the problem of controls, it fell far short of providing the flexibility essential to effective operations. Under this system, public enterprise often became synonymous with excessive red tape, inexcusable delays, inadequate service, and general insensitivity to consumer needs.

As the number of public enterprises multiplied, particularly during and after World War I, some governments gradually came to recognize that business enterprises have certain distinguishing characteristics which clearly set them apart from the general run of government programs: (1) the government is dealing with the public as a businessman rather than a sovereign; (2) users, rather than the general taxpayer, are to pay for the cost of goods and services; (3) expenditures necessarily fluctuate with consumer demand and cannot be predicted accurately or realistically kept within annual limitations; (4) expenditures to meet increased demand should not in the long run

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increase the net outlay from the treasury; and (5) operations are being conducted within areas in which there are well established commercial trade practices.

It was evident that the operating and financial requirements of such enterprises were incompatible with the existing administrative and financial structure. The keystone of financial control in most countries was then, and to a large extent still is, the requirement of obtaining annual appropriations from the legislature. For this reason government agencies are usually not permitted to utilize incidental revenues or to retain unexpended balances of appropriations at the end of the fiscal year. Governmental accounting and auditing has the limited purposes of preventing the over-obligation of appropriated funds and unlawful expenditures. Frequently, individual transactions must be approved in advance by representatives of the central control agencies such as the ministry of finance or comptroller. Furthermore, traditional government institutions seldom can exercise any wide range of discretion in those areas of most critical concern to a business—procurement, contracts, sale of goods and property, and personnel. Government operations are hedged about with a myriad of regulatory and prohibitory statutes controlling in detail the transaction of public business. Any attempt to operate a business enterprise within such a framework would be doomed to almost certain failure.

In most countries, the reaction to excessive bureaucratic controls was to abandon controls altogether. Resort was had to the form of organization most commonly employed by large-scale private enterprise—the corporation. The early public corporations, such as the Port of London Authority and Central Electricity Board in Great Britain, were created outside of the normal government structure, independently financed and largely immune from ministerial direction and control. This development was rationalized into a theory that public corporations are by their very nature autonomous bodies with certain inherent characteristics such as independence, freedom from direction and control by "political" officers, and self-contained finance. The words "autonomous corporation" and "autonomous

agency" have since become firmly embedded in the vocabulary of public administration.

The theory of the autonomous corporation was seized upon in Puerto Rico and many Latin American countries as a method for solving a number of practical financial and budgetary problems. The fiction that public corporations were somehow extragovernmental provided a convenient device for avoiding statutory or constitutional limitations on the government's borrowing authority and restrictive budget laws requiring that revenues and expenditures be balanced in any given fiscal year. In addition, public corporations engaged in revenue-producing enterprises often had a better credit standing than the government itself and could more readily borrow funds from foreign sources at reasonable rates. In turn, lenders generally insisted as a condition of the loan that the corporation be given a high degree of autonomy so as to protect it against "political" interference and any diversion of corporate funds.

Development of the mixed-ownership corporation, particularly on the continent of Europe, served further to strengthen the autonomous status of public corporations. With a few exceptions, British, Canadian, American, and Puerto Rican public corporations are wholly government owned. Countries on the continent of Europe have tended to favor the mixed-ownership corporation, in which both public and private interests participate. The percentage of government holdings may range from 1 to 99. Among early examples of the mixed-ownership corporation in France are the *Compagnie Nationale du Rhone* and the *Energie Electrique de la Moyenne Dordogne*. Because of the blending of public and private ownership, mixed-ownership corporations present unique and extremely difficult problems of organization and control.

While satisfactorily meeting the need for a public institution which would possess some of the operating flexibility of private enterprise, the autonomous public corporation solved only half of the dilemma. Most existing controls to assure public accountability and responsiveness to direction by politically responsible officials were abandoned without providing adequate substitutes. There was a failure to recognize that public corporations

do not function in a political vacuum. Removal from so-called political pressures frequently meant, in fact, that significant political power was being placed in the hands of a small, unrepresentative, and often self-perpetuating group controlling the public corporation. Public corporations are created to serve a public purpose, and so-called business decisions made by them are likely to have important political repercussions. However, as long as autonomous corporations were relatively few in number and operated outside areas of most vital governmental concern, the threat to orderly and responsible government was more potential than real.

With the rapid expansion of government responsibilities for social and economic programs, including many of a business nature, the problems arising from the use of autonomous public corporations can no longer safely be ignored. Not only has the number of public corporations multiplied, but also in many countries they have now been assigned responsibility for the most significant and dynamic segment of the government's total economic program. Corporate revenues and expenditures necessarily have a vital bearing on a government's over-all financial plan. Corporate programs frequently overlap or cut across those of ordinary departments and agencies. The theory of corporate autonomy has come in direct conflict with the urgent need for bringing the operations of public corporations into harmony with related actions of the government. Means must exist by which public corporations may be held accountable for their acts to those who bear political responsibility—the chief executive, the cabinet, and the legislature.

The autonomous public corporation persists in much its original form in many areas of the world, but the trend in the United States, Great Britain, Canada, France, Puerto Rico, and Turkey has been away from earlier concepts of corporate autonomy and toward the development of new organizational arrangements and controls specially adapted to the peculiar requirements of business operations. While the public corporation in these countries retains its operating and financial flexibility, it has been brought within the governmental framework and, in varying degrees,

made subject to central direction and control. So far as wholly-owned public corporations are concerned, there is no longer any serious doubt that they are government institutions serving a public purpose and functioning within the government structure.

#### *Organizational Relationships*

AS IN the case of any other government program, the relationship of a public enterprise to departments and ministries, the legislature, the cabinet, and the chief executive should be defined in such a way as to focus responsibility, facilitate coordination with related programs, and insure consistency in over-all policy. Specifically, the responsible political officials must possess adequate means reasonably to assure that (1) policy directives are implemented; (2) operations and policies of public enterprises are consistent with and in furtherance of basic objectives established by the government; (3) public enterprises and nonbusiness programs operating within the same subject-matter area and having the same major purpose are effectively coordinated; (4) operations are conducted with maximum efficiency and economy and in accordance with law; and (5) sufficient information is provided to enable appropriate authorities and the public to appraise the effectiveness of operations.

The substance of control is generally to be found in the (1) law, charter, or other document establishing the public enterprise; (2) relationships to existing departments and ministries; (3) extent and nature of ministerial control; (4) method of appointing and removing the governing board and executive officials; (5) budget; (6) audit; (7) annual reports; (8) relationships to the legislature; and (9) ownership. Each of these items is discussed below in terms of experience with public corporations and similar bodies. Reference is not made to enterprises which are organized and controlled in the same way as the regular departments and agencies.

*Establishing of a Public Enterprise.* The single most critical control point is the law, decree, or other basic authority providing for the creation of a public enterprise. The nature of this action is likely to determine in large measure all other organizational relationships.



Generally, public enterprises are established by a separate law setting forth in detail the name, legal status, duration, program, general and specific powers, form of management, ministerial authority, and method of financing the enterprise. In a number of instances, however, enterprises have been created either by executive decree, sometimes pursuant to authority conferred by general incorporation laws applicable to private enterprise, or by existing public enterprises utilizing the broad powers conferred upon them by law. Enterprises may also be acquired from private owners, either by government purchase or seizure. New corporations may or may not be established by the government to take over such enterprises.

Prior to 1945, the United States Congress frequently, instead of creating public corporations by its own legislative act, authorized executive officials to create corporations dealing with some broad area of national interest. A number of public corporations were thus chartered by executive action under the general incorporation laws of the several states. This practice, which has been followed to some extent in other countries, gave rise to a number of serious problems. The most important objection was that executive officials were able to utilize this device to enlarge greatly their statutory authority and operations without legislative review and approval. Another difficulty was that general incorporation laws prescribe forms of organization, financing, and supervision not particularly well adapted to a public institution. For these and other reasons the United States Congress enacted a law in 1945 prohibiting the establishment or acquisition of corporations by the government, except by or pursuant to an act of Congress.

A number of Asian countries continue to utilize joint stock companies, operating under the civil or commercial code, to administer public enterprises. These joint stock companies are somehow considered to differ significantly from a public corporation. As a practical matter, the distinction between a joint stock company, all of whose shares are owned by the government, and a public corporation is more theoretical than real. There is growing opposition in Asia to operating public enterprises under authority of laws intended for

private commercial undertakings. The auditor general of India, for example, describes this practice as "a fraud on the Companies Act and on the Constitution."

The holding company arrangement is also quite common. One public corporation may organize and finance a number of subsidiary enterprises. The Sumerbank and the Etibank in Turkey, for example, have on their own initiative organized a large number of diverse enterprises. The Puerto Rico Industrial Development Company created and financed subsidiary corporations for the manufacture of glass, cement, pulp and paper products, shoes, and leather and clay products. While the holding company arrangement is useful under some circumstances, it may well result in an illogical grouping of unrelated activities. The complexities of intercorporate organization and financing are often a source of confusion and make it difficult to untangle an individual enterprise from the web of its parent organization. Probably the most important criticism is that the parent corporation is not ordinarily in a position to determine what new enterprises will best promote the interests of the national economy. Such decisions should be made by the appropriate central authorities in terms of total government objectives.

Creation of public enterprises by special legislative act appears to be clearly preferable to the other alternative methods. It is the only method which provides for advance review and approval by the legislature and executive of the objectives and scope of the undertaking and a clear definition of legal status, obligations, powers, and organizational relationships.

*Relationships to Existing Departments and Ministries.* The principle is now generally accepted that, so far as possible, government activities should be organized according to major purpose, or some other appropriate criterion, in a minimum number of major departments and agencies. Experience has demonstrated that this form of organization is best calculated to reduce the chief executive's task to manageable proportions and to accomplish coordination of related programs at a level below that of the chief executive. Unfortunately, the term departmentalization throughout most of the world connotes not only an organizational grouping but also compliance with all of the



rules and regulations generally applicable to government funds, expenditures, accounting, civil service, etc. For this reason, except in the United States, public enterprises usually have been made independent of the established agencies and departments.

The proliferation of autonomous corporations and agencies has served to weaken the central government structure in many countries. The situation in Colombia, which has no fewer than thirty-seven "semi-official" agencies and corporations, is by no means unusual. These semi-official bodies conduct some of the most important government programs in the fields of agriculture, resource development, transportation, and communications, yet they are outside the jurisdiction of the ministers who have titular responsibility for these areas of activity. With the draining off of major government programs into autonomous corporations, the ministries in some countries have become hollow shells. Under such circumstances public corporations threaten to become a headless and irresponsible fourth branch of government.

A number of solutions to the organization problem have been attempted. The current practice in Great Britain and Canada is to make public enterprises subject to the direction of the minister concerned with the general subject matter area in which the corporation is operating. Thus the Minister of Civil Aviation is responsible for the British Overseas Airways Corporation and the British European Airways Corporation. This arrangement has the virtue of grouping enterprises by major purpose without subjecting them to traditional government controls. The device of the responsible minister is also used in Colombia, but the minister does little more than speak for the enterprise in the legislature. With three exceptions, United States public corporations are either grouped within the established departments according to major purpose or are subject to the supervision of department heads. At one time Puerto Rico followed the practice of "attaching" or "annexing" enterprises to departments. Since the "annexed" enterprise was in most instances wholly independent, this device confused lines of responsibility without producing compensating benefits. Puerto Rico has recently consolidated the key enterprises,

such as the Industrial Development Company and the Transportation Authority, into an Economic Development Administration which coordinates the commonwealth's various programs in the industrial field. Turkey has attempted to achieve coordination through the device of a General Economic Commission, consisting of the Prime Minister, the Ministers of Finance, Economy and Commerce, and Exploitations and Agriculture, and representatives of the General Assembly and the state enterprises. The commission reviews annually the programs and performance of all enterprises, except the monopolies and transportation and communications agencies, in which the government owns more than 50 per cent of the stock. The commission has proved to be unwieldy and has been unable to establish effective policy control.

There is a growing awareness that the mere fact of corporate existence in no way reduces the need for a logical and consistent grouping of government activities both of a business and a nonbusiness nature. Appropriate safeguards must be taken to preserve operating and financial flexibility. But otherwise the place of the enterprise in the government structure should be determined by the same criteria applicable to other government agencies. This does not imply that all enterprises must be treated alike. As the circumstances warrant, enterprises may be created wholly outside of the departmental structure, placed under the direction of ministers, or integrated within departments.

*Extent and Nature of Ministerial Control.* Ministerial control over a public enterprise may be established through one or a combination of the following arrangements: (1) issuance of general policy directions; (2) approval or veto of specified categories of actions and policies; (3) participation in management as a member of the governing board; and (4) appointment of governing board and managers of an enterprise.

In establishing public corporations recently, Great Britain and Canada have provided for a much greater degree of ministerial control than was applied to similar prewar institutions. While a minister is expected not to interfere in the day-to-day operations of an enterprise, he is often given the power to issue

directions of a general character as to the exercise and performance by the corporations of their functions in relation to matters appearing to the minister to affect the national interest. The corporation is required to give effect to any such directions. The United States has also followed the practice of giving department heads a general authority to "supervise and direct" corporations and enterprises under their jurisdiction.

France, on the other hand, has consistently rejected the concept of broad ministerial control and has limited ministerial authority to such basic policies as the fixing of prices for goods and services sold by the public enterprise. Decrees under the French Coal Nationalization Act of 1946 require government approval of the following matters relating to the Charbonnages de France: delegation of powers to the director-general, programs of new works, production and working plans for the coal mines, accounts and annual reports, conditions of employment, research, etc. In some respects, central government intervention in the affairs of an enterprise is more far-reaching than in Great Britain. Ministers in Great Britain also possess authority to veto or approve specific actions, such as programs calling for a large capital outlay, pensions, education, training, research, form of accounts, and, with Treasury approval, issuance of new stock. With a few exceptions, United States public corporations are not required by law to obtain presidential or ministerial approval of specific matters.

Since public enterprises are usually financed outside of the regular budget, the government must possess satisfactory means to bring borrowings and the issuance of stock and revenue bonds by such enterprises into balance with the government's over-all financial plan. Treasury approval is required in Great Britain for the issuance of stock, creation and management of reserve funds, redemption of stock, and disposal of surplus revenue. The General Economic Commission in Turkey annually reviews the financial plans of the public enterprises. Enterprises established in the United States since 1945 are limited to selling their notes and obligations to the Treasury. The Secretary of the Treasury must also approve depositories of corporate funds and the purchase

of government obligations in excess of \$100,000.

Perhaps the most commonly employed method of obtaining some degree of ministerial control is to make the minister an ex-officio member, or chairman, of the governing board of a public enterprise. While this arrangement has a superficial appeal, it is subject to a number of serious weaknesses. The necessity of attending numberless board meetings may impose an unduly onerous burden on ministers who are likely to have far more important responsibilities. It was found in Colombia, for example, that ministers were directors of as many as six enterprises and frequently had to attend twelve board meetings within a single week. Furthermore, if a minister serves as a director, he may well be placed in the equivocal position of being made a party to actions which he will subsequently have to review in his supervisory capacity.

*Method of Appointing and Removing the Governing Board and Executive Officials.* Even in the absence of other statutory authorities, the power to appoint and remove members of the governing board, the administrator, or the managing director of a public enterprise may be sufficient to establish effective ministerial control. When a minister has the right to hire and fire, he does not have to rely on written orders and directions to make subordinates comply with his policies. Conversely, if the governing board is created in such a way as to eliminate or limit the minister's powers of appointment, express authority to issue policy directives may be of little avail.

In Great Britain, the United States, and Puerto Rico, governing boards are appointed either by the responsible minister or department head or the chief executive. British ministers are sometimes also given the power to enlarge or reduce board membership. In Canada, boards are generally appointed by the Cabinet upon the recommendation of the responsible minister. The Council of Ministers in Turkey appoints the boards of the major public enterprises. Ordinarily, the principal executives of the enterprise, such as the managing director and treasurer, are appointed by the boards in these countries. It should be noted that the trend in the United States is toward the use of single administrators, ap-

pointed by the President or department head, rather than boards, for the management of public enterprises. Boards in the United States are being increasingly confined to advisory functions.

In France public enterprises are administered by boards whose members are nominated by the three interests represented thereon: government departments and employee and consumer organizations. The chairman of the board is appointed by the appropriate minister from among its members. This tripartite arrangement has tended to make directors partisans of particular interests, with the result that boards are unable to provide unity of purpose, energetic administration, and coherent policies. The weaknesses of this type of board are in part counterbalanced in France by giving to the minister, not the board, the right to appoint the director-general of the enterprise.

A slightly different pattern has emerged in Colombia. Interlocking directorates are common, with one public enterprise represented on the board of another. Directors are also appointed to represent various private organizations such as the chamber of commerce, cattle industry, farmers association, or engineering society. The President of the Republic appoints directors of fourteen enterprises, but only in three cases does he name more than two directors and in six he appoints only one. A majority of the board of some of the most important enterprises are named by private groups which can be held accountable to neither the government nor the people. Selection of directors by private groups is also common in other countries where extensive use is made of mixed-ownership corporations. Vesting of governmental authority in private hands is often a reflection of a basic lack of confidence in the government.

#### *Financial Controls and Legislative Relationships*

**Budget.** Public enterprises ordinarily are not required to submit an annual budget for review and approval by central budget officials, the chief executive, and the legislature, except when requests are made for appropriations to provide capital or to meet deficits.

Often no provision is made for the return of surplus funds to the treasury, and the disposition of such surpluses is left to the discretion of the enterprise. As has been noted previously, ministers or the cabinet do have the right in some countries to review the annual budgets of public enterprises and to approve certain types of financial transactions. The practice of annexing financial statements of public enterprises to the regular budget, primarily for information purposes, is also quite common. Generally speaking, except in the United States, means have not been devised for bringing public enterprises within the regular budget process in such a way as not to impair necessary financial flexibility. Yet, to the extent that enterprise budgets are omitted, national budgets are admittedly incomplete and fail to provide a sound basis for financial planning.

One of the most striking innovations in recent years is the business-type budget developed in the United States. The business-type budget provides for a qualitative instead of a quantitative review of corporate budgets by the President and the Congress. No limitations are placed on program expenditures as long as such expenditures are made in accordance with the corporation's charter and its annual budget program as approved by the Congress. The business-type budget is essentially a plan of operations with due allowance for flexibility. A corporation seeks legislative approval of its budget program as a whole, unlike an agency which requests specific appropriations. While making corporations fully accountable to the President and the Congress, the business-type budget does not force them into the standard agency mold.

**Audit.** A government audit generally consists of an examination of individual vouchers for the purpose of ascertaining the legality of expenditures. This audit is conducted by representatives of the comptroller, auditor general, or some other independent officer of the government. To a surprising extent, this type of audit has been extended to public enterprises, almost always with unfortunate results. In Turkey, for example, the chief accountant of each enterprise is appointed by the Minister of Finance and has authority to approve each expenditure. This arrangement places the

chief accountant in a position where he can make policy and undermine the board's authority. Similar arrangements exist in Colombia where the internal auditors of some public enterprises are named by either the Bank of the Republic or the comptroller.

British practice requires public enterprises to keep accounts and to prepare annual statements in such form as the minister, with Treasury approval, may direct, "being a form which shall conform with the best commercial standards." The audit is carried out by an independent firm of professional accountants appointed by the minister, and a copy of the audit report is laid before each House of Parliament.

New auditing techniques have been developed in France, the United States, and Puerto Rico. In 1948 the Commission de Vérification des Comptes des Entreprises Publiques, consisting of high-ranking officials representing the Court of Accounts and Ministries of Finance and Economic Affairs, was created in France. The functions of the commission extend far beyond the domain of accounting. Assisted by technical specialists, the commission analyzes and reports to Parliament on the quality of the commercial and financial management of the undertaking and the results of operations.

In the United States and Puerto Rico, corporations are audited by the comptroller general "in accordance with principles and procedures applicable to commercial corporate transactions." The comptroller general does not have the authority to disapprove individual transactions. These audit reports, while containing the usual commercial financial statements, may also go beyond the accounting sphere and report such other information as the comptroller general may deem desirable fully to disclose the financial condition of the enterprise and the effectiveness of its operations. Audit reports in the United States are submitted to the Congress and made public.

The information which is provided by the types of reports prepared in France, the United States, and Puerto Rico is not generally available for regular government agencies. Without such information, it is extremely difficult for responsible officials or the legislature to appraise the effectiveness of programs of a busi-

ness nature or to establish effective controls over them.

*Annual Reports.* Public enterprises are commonly required to submit an annual report to the legislature, and sometimes to the executive, covering their operations for the previous fiscal year. Such reports may be very elaborate or they may be bare financial statements. The scope and content of the report is ordinarily determined by the management of the enterprise. Annual reports frequently provide an occasion for general debate in the British Parliament, but the discussion is likely to be of limited usefulness since it occurs a year or more after the events covered in the reports. While the annual report is often a valuable device for informing the public, it is essentially self-serving in nature, and, consequently, is not a satisfactory substitute for a system of reports disclosing significant information about current operations and an independent audit.

*Relationships to the Legislature.* Under the parliamentary system of government, ministers are in turn responsible to the parliament, and it is to the parliament that we must look for ultimate control over public enterprises. Public corporations in Great Britain, according to Herbert Morrison, "are accountable to Parliament through Ministers on matters for which Ministers are themselves responsible." In practice, Parliament has neither the time nor the technical competence to supervise effectively public enterprises and must rely on the ministers to establish necessary public control. Parliamentary control is exercised principally by means of questions directed to the responsible ministers, general debates, and studies and reports of select committees.

Probably the most effective technique is the question time. While the "management" of British and Canadian public corporations is not considered an appropriate subject for parliamentary inquiry, answers must be given concerning matters of policy. Questions on public corporations are, therefore, more restricted than those about regular government departments. The term "management" has been subject, however, to a number of diverse definitions and interpretations. One minister, for example, answered questions about dirty coal, while another refused on the grounds that



such questions related to day-to-day management.

Parliament also provides control through the scrutiny of its standing committees and its power to appoint select committees to investigate and report. Public enterprises, like the old departments, come under the jurisdiction of the Committee on Public Accounts. This committee is gravely handicapped in dealing with public enterprises because it cannot utilize the auditor-general and his staff and has no other means to audit these activities. Its control has proved to be more potential than real.

The relationship of public enterprises to the United States Congress does not differ significantly from that of other departments and agencies. The Congress enacts the law creating the public enterprise, reviews and approves its annual budget program, and conducts special studies and investigations. Directors of the principal public enterprises are subject to Senate confirmation. Investigations may be conducted either by special or standing committees. One of the standing committees of the House of Representatives has adopted the procedure of holding hearings on the annual audit reports submitted by the comptroller general. These hearings have been generally constructive and have led to needed reforms in conduct of the enterprises. A number of enterprises have also been the subject of extended and searching investigations by the Congress. A congressional investigation, for example, brought about the complete reorganization of the Reconstruction Finance Corporation and the replacement of its board of directors by a single administrator.

The United States, Turkey, and Canada have enacted general statutes applicable to public enterprises. The Government Corporation Control Act in the United States limits the method of establishing enterprises and provides for budget, audit, and other financial controls. The Law for State Economic Enterprises in Turkey provides for an annual review of state enterprises by the General Economic Commission and an annual audit inspection by the Prime Minister's High Control Board and prescribes the types of organization for these activities. The Financial Administration Control Act of 1951 in Canada also requires an annual review of corporation budgets and

prescribes accounting and audit procedures.

Legislative control over public enterprises in some countries is negligible. Matters affecting public enterprises may come before the legislature only when new legislation or appropriations are requested. Except in the case of subsidized operations, appropriations are rare. Legislation establishing an enterprise is usually in such broad terms that new legislative authority is seldom needed. Once an enterprise is created in these countries, it is able to function with almost complete independence from the legislature.

#### *Ownership*

THE problem of organizational relationships is greatly complicated when ownership of public enterprises is shared with private individuals or groups. Mixed-ownership enterprises tend to demand all of the privileges of governmental status while refusing to accept any of the obligations. Use of mixed-ownership enterprises creates a "twilight zone" in the national economy which is neither governmental nor private.

Following the pattern of the private joint stock company, private shareholders in a mixed-ownership enterprise are generally accorded the right directly to name representatives on the governing board. The number of directors named by private interests is sometimes entirely disproportionate to the percentage of their investment in the enterprise. The result is often to give to private interest groups undue influence in making decisions as to the disposition and use of public funds and policies which are properly of national concern.

A mixed-ownership corporation may provide a useful device for promoting the development of a new industry pending eventual private ownership. In some cases, however, the enterprise has been purchased by private shareholders out of profits made from investment of interest-free funds furnished by the government. Great Britain, Canada, and the United States have found it preferable to encourage the development of new industries by subsidies, loans, or other incentives rather than by joint ownership.

As a permanent arrangement, the mixed-ownership enterprise appears to afford few tangible advantages. The government does not



have to rely on private investors to provide equity capital. Access can be had to private money markets through the sale of revenue bonds without sharing ownership. The purpose of a public enterprise is to accomplish a public purpose. Profits, if any, are incidental to the basic purpose. The object of private enterprise is to earn a profit for the proprietors. A mixed enterprise is likely to accomplish neither of these objectives very well.

Where mixed-ownership enterprises are prevalent, the trend is toward increased control of specific matters with a consequent loss in flexibility. The government may, as in France, appoint the director general of the enterprise and control wages, prices, and similar matters. Such direct controls are necessary because the peculiar composition of the governing boards of mixed enterprises tends to make them unresponsive to policy direction by higher authority.

Experience in many countries has demonstrated that it is possible to establish organizational relationships which assure public accountability without impairing the flexibility necessary for the effective conduct of a public enterprise. The choice is not between the equally unsatisfactory alternatives of treating public enterprises as if they were either private commercial companies or traditional government activities. New types of relationships and controls have been developed which reflect the peculiar operating and financial requirements of commercial and industrial undertakings. While these new types of relationships and controls were designed in terms of the special conditions within a given country, they do provide useful guides for approaching the problem of public accountability. In the final analysis, however, each country must seek a solution compatible with its own government structure and local needs.

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#### Enlist for the Duration

What guides does this virtual consensus offer to the Administration in picking business men for appointment, and to business men in deciding whether to accept or decline?

One strongly-indicated conclusion is that the recruit had better enlist for the duration if he is going to enlist at all. It takes a year or more to get the hang of most new jobs, even for an adaptable person. Business executives would hardly take on key men in their own companies who were willing to serve no longer than a year, reluctant to commit themselves to the job, prepared to make policies and put them into execution but not prepared to stay and deal with the consequences.

There is nothing magical about public service that makes that kind of approach to a job any better than it would be in private employment.

.....

Once he is committed to seeing it through, the business man will have genuine incentives to learn his political lesson. He will be favorably situated to adopt an appropriate humility toward the career officials and politicians from whom, alone, he can learn his lesson.

He may learn to look on aggressions against the executive branch by the legislative with the eyes of a resident rather than of a visitor. . . .

Most important of all, he may learn that while business men have a unique contribution to make to government, they cannot run it by themselves, and the contribution which others have to make is also essential.

—"The Public's Business Man," *St. Louis Post-Dispatch*, July 6, 1954.

# Program Planning in the U. S. Department of the Interior, 1946-53

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**P**LANNING," John Gaus has suggested, "is not . . . a general political theory, or a doctrine of public functions and powers, but a process . . . of facilitating better decision-making."<sup>1</sup> One might add that planning is not the ultimate solution for all governmental problems, but it does offer hope of wiser judgments and more intelligent choices. It suggests decisions based on rational analyses and logical appraisals, rather than on hunch and horse-trading.

The program planning process is pluralistic, and a complete study of its workings within a federal department would have to encompass relationships among its bureaus and divisions and with the public, pressure and interest groups, other agencies, and the Congress.<sup>2</sup> This article is limited to several key developments and concepts related to the work of the Program Staff, a planning agency of the Secretary of the Interior from 1946 to 1953.

At the secretarial level, program leadership is a dynamic and tremendously complex task. It relies upon a variety of formal and informal methods, and its limits are set by a wide array of factors, some internal and some with their roots in external political and social situations.

Within the Department of the Interior there

are some twenty bureaus, offices, administrations, and other organizational units. The department's responsibilities range from the Caribbean to the South Pacific, and include custody of 750 million acres of land; conservation and development of mineral resources; protection of fish and wildlife; reclamation of arid lands; management of hydroelectric systems; and responsibility for the welfare of Indians, Alaskan natives, and territorial residents. This diffusion is intensified by the fact that many other departments have some responsibility in the program areas assigned to Interior and pursue different objectives and policies.

Several important factors determine the need for top-level program leadership. These are:

1. If there is to be reasonable consistency of purpose throughout the government and if there is to be executive responsibility, broad governmental and departmental objectives must be implemented by, and hence related to, the more limited (functional or areal) objectives of bureaus and divisions which make up a department.
2. Specialized functions carried on by bureaus and divisions generally have greatest significance if they are related to broader national policies and coordinated with specialized activities of other functional units within or outside the department. It requires departmental leadership to assure such relatedness.
3. Function, space, and time must be brought into effective working relationship, and this complex process of adjustment demands departmental leadership for its accomplishment.

These statements are the basic premises of this article. They indicate the necessity for greater

<sup>1</sup> John M. Gaus, "Education for the Emerging Field of Regional Planning and Development," in *Regional Planning and Development* (University of North Carolina, 1951), p. 23.

<sup>2</sup> This point is made by David B. Truman, *The Governmental Process: Political Interests and Public Opinion* (Alfred A. Knopf, Inc., 1951) and Bertram M. Gross, *The Legislative Struggle: A Study in Social Combat* (McGraw-Hill Book Co., 1953).

program leadership at the departmental or secretarial level. They will not be analyzed further, the balance of the discussion being directed to an appraisal of recent experience of the Department of the Interior in program planning.

#### *Historical Background*

SECRETARIES of the Interior, historically, have been mere spokesmen for the bureaus gathered together under the department tent, and little unified leadership has been expected from them. Prior to 1946 departmental objectives were generally not defined and there seems to have been little awareness of a departmental mission.

In the postwar period, however, a number of factors converged to permit the development of an extensive experiment in departmental program planning. The Program Staff and the related regional field committees were the primary elements in this development. As in most administrative situations, the personalities of key officials were important. Perhaps most significant in getting secretarial leadership under way was the fact that Secretary J. A. Krug possessed a flair for systematic management and was convinced that his responsibilities included departmental program and policy leadership.<sup>3</sup>

Other forces also encouraged the development of departmental program planning in the postwar period. The removal of wartime construction restrictions resulted in a spate of proposals for river control projects and resource development activities. These were often hastily drawn together and seldom coordinated with the interests of all agencies concerned. At the same time, vocal groups urged the creation of regional agencies, modeled after TVA, to administer resource programs in the Missouri and Columbia basins. If documentation had been needed to support the

case for better departmental management in the resources area, it was provided by the Hoover Commission studies. The reports of the President's Water Resources Policy Commission and the President's Materials Policy Commission also implied the need for more effective secretarial leadership.

One of the first steps in the development of the program planning role of the Secretary was the creation of a Department Coordinating Committee made up of the heads of the several bureaus and offices. This committee was given the task of reviewing the department budget for the fiscal year 1948 in order to reduce it to the level requested by the President. Although the approach was crude, the committee succeeded in classifying proposed work in the amount of \$406,000,000 as deferred or eliminated, while approving work amounting to \$241,000,000. Concurrently, regional committees were established in eight western metropolitan centers to bring key Interior field personnel into more formal and frequent contact with each other.

#### *The Program Staff*

THE Department Coordinating Committee proved unwieldy and inadequate. So, in 1947 a Program Staff was created as a part of the Secretary's office to provide continuing, centralized program review and analysis, as well as direct contacts with regional field committees.<sup>4</sup> The original proposal envisaged a planning and analysis staff of considerable size, but resistance in Congress and in the bureaus made it seem inexpedient to consolidate the several specialized staffs which had grown up in the Secretary's office or to add extensive new competence to the planning organization. As a result, the Program Staff started out with only two professional employees and slowly expanded to about twenty.

<sup>3</sup> Perhaps because of his previous experience with the Tennessee Valley Authority, Krug sought to inject into departmental thinking some of the ideas which have been associated with TVA. Thus he stressed regional factors in resource development, administrative decentralization, and the desirability of integrated resource planning and program execution. For a critique of the "TVA Idea" see Norman Wengert, *Valley of Tomorrow: The TVA and Agriculture* (University of Tennessee, 1952), chap. I.

<sup>4</sup> Ultimately field committees were established for the Columbia Basin, the Missouri Basin, the Colorado River-Great Basin, the Southwest, and Alaska. Others were planned for the Pacific Central region and Eastern United States. Each committee was made up of representatives of the Interior bureaus, usually the regional directors. Because field committee regions did not coincide with bureau regions, two bureau representatives sometimes sat on one field committee, and sometimes one bureau representative was involved in two field committees.

In a departmental reorganization in 1950, each Assistant Secretary was assigned responsibility for a group of functionally related bureaus and took over staff units with limited program review assignments in their particular subject areas. The Program Staff remained the principal organ for over-all program integration and leadership.

Although the organizational pattern for programming in the Office of the Secretary was less than clear cut, in practice it worked reasonably well. The general task of the Program Staff, as spelled out in a secretarial order of December, 1950, was to assist the Secretary in supervising the *formulation and execution* of departmentwide programs and policies on regional and national bases. It was to work closely with the Assistant Secretaries and to provide staff assistance to intradepartmental committees dealing with program or policy matters. The Program Staff also exercised general supervision over the field committees and served as liaison between the committees and Washington offices. It provided the principal contact between the department and the Council of Economic Advisers and played an important role in relations with other agencies in the area of resource policy.

To assess the impact of Program Staff activity on the work of the Department of the Interior would entail a systematic analysis of a great number of assignments and decisions in which the staff participated. This article is limited to a brief description of typical activities in order to suggest the general character of Program Staff assignments and some of the key planning techniques used by the staff, and to analyze some of the principal working concepts of the staff.

The Program Staff carried a major responsibility for coordination of the department's relationships with the President's Water Resources Policy Commission and the President's Materials Policy Commission. Activities included preparing reports and memorandums requested by the commissions or arranging for the preparation of such materials by the bureaus and divisions of the department; leadership in the preparation of the departmental position with respect to the final reports and recommendations of the commissions; and implementation of policy recom-

mendations by specific administrative action of the Secretary.

A somewhat similar assignment was the formulation of the departmental position with respect to Missouri Basin development programs for submission to the Missouri Basin Survey Commission, established by the President in 1952 to appraise programs and organization for water and related resources in the Missouri River Basin.

The Program Staff also played an important part in securing more effective coordination of certain types of field studies and investigations. In carrying out these tasks the field committees were indispensable. For example, in the Pacific Northwest the Secretary sought to have the bureaus prepare a comprehensive plan for the development of the resources of the Rogue River Basin in southwestern Oregon. Sharp conflicts in interest among those interested in irrigation, salmon fisheries, and scenic and recreational values resulted in an impasse. Constant efforts of the Program Staff and the Pacific Northwest Field Committee made possible a partial resolution of the stalemate.

In the Missouri Basin the Program Staff-field committee mechanism was used to coordinate studies and investigations in the Wind River area of Wyoming. This work was designed to serve as an intensive pilot study of a subregion to provide more adequate information for comprehensive resource planning. All the bureaus of the department were involved, and the report of the investigations was published in 1952.

Since 1943 the Department of the Interior has been represented on the Federal Inter-Agency River Basin Committee established to coordinate in Washington the work of the several agencies concerned with river development. The Program Staff was always close to the department's participation in the work of this committee and in 1952 was assigned responsibility for serving as the departmental secretariat for the committee. Somewhat comparable interagency committees have been active at the regional level in the Columbia and Missouri basins. These regional committees also include state representatives. In both regions the field committees have coordinated departmental participation, and the Program

Staff provided policy guidance to the committees.

In 1950 the President established an Arkansas-White-Red River Basin Interagency Committee to conduct an intensive resources study of the three basins with the objective of developing a coordinated program. Six federal agencies and eight states are participating in this work. Most of the bureaus of the department are involved and departmental leadership in the study was turned over to the Southwest Field Committee. Washington liaison was the responsibility of the Program Staff.

Also in 1950 the President established the New York-New England Inter-Agency Committee to make a comprehensive survey of that region's resources. The governors of the seven states were invited to participate. To meet its responsibilities the department created a Northeast Field Staff which reported to the Program Staff.

The Program Staff functioned extensively in the area of organization. It participated in departmental review of Hoover Commission proposals, and its responsibilities with respect to the recommendations of the Water Resources and Materials Policy commissions extended to the questions of departmental organization and management. The staff took an interest in bureau program planning organization and was consulted more and more frequently by the bureaus for help in their programming problems. A substantial contribution in this respect was made by the Program Staff to the development of a project control system in the Bureau of Mines.

The effectiveness of Program Staff performance in these several situations derived in good measure from the simple fact that the staff was available, had competence, and was devoted to concepts of review, research, and analysis as the basis for decision-making.<sup>5</sup> Like most executive staffs, the Program Staff also found itself involved in many "hack" jobs which were remote from the planning process. But these tasks helped to give status to the staff and to bring it into more effective relation-

ship with the Secretary and with the main stream of departmental affairs.

In a sense, general competence, esprit de corps, and finesse in its relationships within and without the department were perhaps of more immediate significance to the role the Program Staff played in assisting the Secretary in program and policy decisions than were particular planning techniques and methods. To a degree, however, formal planning techniques represented the means whereby top-level leadership was being institutionalized and made a permanent part of the department's operations. The technique of the annual regional program report, in particular, appears to merit more careful analysis.

#### *Regional Program Reports*

REGIONAL program reports, prepared annually by each field committee, were designed to set out the regional program plans of the department for a six-year period.<sup>6</sup> Beginning in the Pacific Northwest in 1948, the preparation of these reports became a major continuing task of the field committees and a significant basis for secretarial program review and analysis. The underlying concept of the program reports was that each year a restatement should be made of regional needs and the way in which the bureaus could contribute to meeting them.

The reports followed a common chapter sequence although they varied in detail. The principal chapters dealt with land resources, water resources, mineral resources, fish and wildlife resources, recreation resources, Indian resources-needs-services, and basic investigations. These functional chapters were preceded by an introduction, a chapter describing the economy of the region and its resource potential, and a summary chapter containing a synopsis of the proposed regional program. A final chapter dealt with special regional problems.

In the first year or two, the reports represented only loose guesses of what the bureau field staffs felt they would like to undertake. Despite Program Staff requests that plans should be related to identified economic needs,

<sup>5</sup> Professional training of the Program Staff included geography, geology, agricultural economics, general economics, statistics, political science, public administration, engineering, forestry, and agronomy. Work experience was equally varied and included extensive assignments in other agencies of government.

<sup>6</sup> The six-year period was selected because of Bureau of the Budget requirements for similar projections with respect to public works construction programs.



the early reports often failed to establish such relationships. This deficiency reflected in a measure the fact that, despite stress on performance budgeting, bureau field personnel were not oriented to performance thinking and frequently lacked the training or experience to appreciate fully the economic significance of building program proposals in terms of identified needs.

The automatic reaction of the man in the field tended to be that *all* proposed activities were needed. To overcome this attitude, the committees were encouraged to indicate work priorities, and in the 1952-59 reports a formal priority rating system was tried. However, field committees and bureau staff found it difficult to assign priorities to program segments and many refused to do so.

A variety of improvements was incorporated in the reports submitted early in 1953 outlining the 1955-60 program. From the point of view of planning technique the most significant changes sought to bring programming and budgeting closer together and to solve the problem of priorities. The functional chapters were divided into two parts. The first briefly covered (1) the region's needs stated in terms of physical requirements; (2) departmental and bureau goals expressed in terms of work to be done in the region; (3) significant accomplishments to date; (4) major problems anticipated; and (5) specific proposals for achieving regional goals. The second part consisted of detailed program schedules, showing costs of program elements broken down in accordance with established budgetary classifications. The way in which these fiscal data were presented is perhaps best illustrated by the column headings which formed the structure for this part of the functional chapters: (1) program elements stated in terms of appropriations titles, activity titles, subactivity titles, etc.; (2) funds appropriated in 1953 for each element; (3) funds included in the President's '54 budget for each element; (4) funds required for the '55 program as prepared on basis of the call for '55 preliminary estimates; and (5) funds required for each element of the program based on work needed to be done in the six-year period (by years).

Breakdowns in accordance with the structure of the budget permitted sufficient detail

so that, where unit costs were kept, the expense of the projected work program could be computed. By following such a procedure for each segment of a program it was possible to indicate both work to be done and the dollar cost of the work. The accuracy of a program constructed in this manner depends on the ability to appraise work needs in detail and to assign reasonably correct unit costs to the program elements. This type of presentation was most meaningful where the bureaus were making careful appraisals of work requirements and unit costs, since the field committees were entirely dependent upon bureau data.

The relationship between columns four and five deserves particular comment. The figures in column four were to give due consideration to fiscal and budgetary realities and generally indicated the top limit of funds actually to be made available. Column five permitted the field committee to indicate what it felt should be made available in terms of regional needs. There were, thus, two levels of program activity presented for the first year of the six-year period.<sup>7</sup>

This approach is, of course, another way of stating priorities, since the program in column four will ordinarily include work of highest priority. It has the advantage of calling for priorities as related to an entire program, rather than for priority-rated segments of programs which, when added together, might not result in a well-balanced and integrated total program. Alternative levels of program activity were not called for beyond the first year of the six-year period, although the breakdown was equally detailed for each year.

In order to aid the field committees in establishing the two levels of program activity, the Program Staff included in its instructions a list of priority factors to serve as guides in determining the activities which should be included in column four. Due weight was to be given to such factors as defense-related work, work already under way, and work of one bureau necessary to the work of another. The instructions stated "in preparing the two programs . . . it will be important to weigh the

<sup>7</sup> This idea of two-level budgeting derived in part from the proposals of Verne Lewis for alternative budgets. See Verne B. Lewis, "Toward a Theory of Budgeting," 12 *Public Administration Review* 42 (1952).

inclusion of work to be carried on in each of the programs in consideration of the various priority criteria. Only if this is done carefully will it be possible for the alternative programs to reflect the informed judgments of the field committees as to what work is most essential to accomplish." The implication was strong that work not capable of being justified in terms of these factors should be included only in column five. The program schedules were accompanied by supporting narrative, as needed, to emphasize high priority items, explain work interrelationships, and point out serious inadequacies in current programs which proposed programs would try to rectify.

While practice varied, some generalizations are possible with respect to how the field committees prepared the reports. Since the reports were due on March 15, to be used in conjunction with the review of preliminary budget estimates, the committees concentrated on report preparation in the fall and winter. The field committee chairman usually prepared the first three chapters and circulated them to the committee for comment and discussion. The drafting of the functional chapters was parcelled out to the bureau representatives in accordance with their major functional interests. These drafts would then be circulated to all of the committee members for comment, and an opportunity was provided for proposing program modifications and changes in work schedules. In this process, many interbureau relationships were harmonized. The field committee chairman kept in contact with work progress to assure timely completion of the various chapters and to identify emerging problems needing more formal coordination. During this period, too, a considerable portion of the monthly committee meeting was devoted to program report problems. Most of the committees set up subcommittees which reviewed the chapter drafts and sought to work out program interrelationships and program priorities.

Committee members relied heavily on their respective field staffs for assistance in the preparation of the report materials, since the field committees themselves had virtually no staff. Program planning was thus flowing up from the field establishment. Within each bureau the scope of regional planning authority varied considerably. In the case of the Geological Sur-

vey, material for the functional chapters was reviewed and often prepared in Washington and then transmitted to the field representative on the committee for inclusion in the program report. The Bureau of Land Management, on the other hand, gave its regional representatives a free hand in their committee participation.

The final special problems chapter of the report was usually a joint product of the chairman and the committee. It was often prepared when the balance of the report was nearing completion. This tended to assure that only the problems which could not otherwise be dealt with were discussed in this chapter.

#### *Program Reports and Program Decisions*

TO BE fully effective the reports which the process of program planning produces should enter into the stream of decision. By 1952 questions were raised in the bureaus and in the field committees as to the value of the reports. The bureaus indicated that while the reports contained a wealth of information, in final form they were not generally usable in the budgetary process or in making program decisions. The field committees, in turn, began to ask whether the reports were worth the considerable effort if they were merely to be read and then filed away.

These criticisms and speculations overlooked the fact that the process of preparing the reports was perhaps the most useful aspect of the procedure, for by requesting the field offices of the bureaus to develop six-year programs the Program Staff was encouraging a way of thinking about program and budget formulation that was new and constructive.

In order to bring the reports more directly into the stream of program decision-making, a formal review session was held in 1952 to which bureau representatives and members of the secretarial staff, including the budget division, were invited. This session considered some of the over-all problems of program direction and dealt specifically with a limited number of special problems presented by the program reports. Experience gained in these sessions led to improvements in the reports for the following year, and plans were made for a more systematic and thorough review and analysis of the subsequent reports.

As a result, in 1953 a series of meetings was planned, each meeting to be devoted to one regional report. Bureau program and budget personnel and members of the secretarial staff were invited. The memorandum of invitation urged the bureaus to review the regional reports, giving special attention to program plans and fund proposals for investigations and planning work, to program elements of other bureaus particularly related to their work, to program and policy issues discussed in the special problems chapter, and to the longer-range programs with special attention to their validity and feasibility. Three review meetings were held. As the fourth one was being planned, the new administration announced that the Program Staff would be discontinued, the field committees relieved of their paid staffs, including the full-time chairmen, and the Office of the Secretary reorganized.

Field committee reactions and bureau responses to the review sessions were generally favorable. There appears to have been widespread agreement that the preparation of two levels of programs offered a useful means of showing what is practically possible in comparison to what is necessary and desirable. There was virtually unanimous agreement that the use of budgetary breakdowns to present program proposals permitted more effective correlation of regional and bureau views. Reviewing officials were in general accord that the reports and the review sessions were an effective means of coordinating programming and budgeting, especially for specific river basin or subbasin projects. Some criticism was directed to the emphasis placed on regional need and some to confusions resulting from the diversity of regional boundaries among bureaus and field committees, but one might hazard the assertion that departmental programming on a regional basis had just about arrived.

#### *Two Continuing Problems*

WHILE the preparation of the program reports had reached a fairly high degree of refinement, two problems fundamental to effective departmental planning and leadership remained far from solved: the need for clarification of the regional approach in departmental organization and planning, and the

need for a more adequate socio-economic basis for program decisions.

Before World War II, the Department of the Interior had been characterized by a high degree of functional centralization on a bureau basis; thereafter, a new emphasis on areal decentralization was applied. Bureau reorganizations followed the general pattern of creating administrative regions, each headed by a regional director with responsibility for programs and administration in his region. The number of regions varied from agency to agency, and regional boundaries were different for each bureau. Undoubtedly, this areal emphasis was encouraged by the activities of the field committees, especially as a result of the preparation of the six-year program reports. These reports, prepared on a regional basis, encouraged the bureau field staffs to think of a regional economy and in terms of a coordinated (rather than a merely functional) effort. In a number of instances, too, field committees undertook special areal studies which further stimulated this type of thinking.

Of considerable importance to a regional emphasis has been the predominance of water development programs and their impact upon activities of the other bureaus. The department has generally accepted the desirability of a watershed and basin approach to river development, which in turn requires an areal analysis of resource interrelationships. The comparative readiness of Congress to appropriate money for water development projects has encouraged even the more reluctant bureaus to develop programs and plans in terms of major river basins.

In a department which was probably over-functionalized these recent trends appear sound and desirable, but they have created a number of new problems. A basic question, of course, is whether area and function can ever be reconciled organizationally. Fesler's view<sup>\*</sup> that the solution involves a careful interadjustment among areal and functional factors, and conscious, informed judgments when it becomes necessary to choose between them, seems to be supported by the limited experience of the Department of the Interior. Another problem is the difficulty of determining regional bound-

<sup>\*</sup> James W. Fesler, *Area and Administration* (University of Alabama Press, 1949).

aries for planning purposes. Since bureau regional boundaries were not uniform, the department created its own boundaries for field committee planning, the watershed or river basin being a dominant determinant. Although the watershed concept is helpful to integrated planning, vast differences in culture, climate, rainfall, population, industry, and agriculture within major watershed regions make generalization difficult and misleading.

A related problem arises from the limited departmental jurisdiction and responsibility within a region, which in turn points up the question of collaboration with other agencies and with individuals and groups in a region. Typically, a centralized, functional approach ignores factors outside the functional range.

The regional or areal approach, in contrast, implies a concern for the whole regional economy, and "relatedness" is a major element of regional planning. But this approach encounters an economic and political vacuum, for no private or public agency, no matter how thoroughly it has been "regionalized," has either authority or responsibility for a total regional economy. Collaboration with other agencies, local, state, and federal, can be of some help in overcoming these difficulties, but large areas of decision-making must be slighted. It seems clear that regional analyses and regional planning are but a part, more or less arbitrarily selected, of a continuum which does not stop even at the boundaries of the nation. There is danger, of course, that a single part may be equated with the whole and important interrelationships overlooked. This is logically the same type of dilemma as is encountered in a functional emphasis.

While Interior had only begun to scratch the surface of dealing with the problems of regionalization, the establishment of staff positions in the offices of the field committee chairmen, filled by persons familiar with the techniques of regional economic analysis, meant a more sophisticated approach. The encouragement given to the field committee chairmen to collaborate with other agencies, especially in data collection and in discussions of regional development, tended to broaden their perspectives. The emphasis on regional economics generally, and on the concept of economic need as the basis for program justification

specifically, was at least raising for consideration fundamental questions in the formulation of regional programs.

From the inauguration of the regional six-year program reports the approach was taken that program proposals should be based upon identified regional needs. Initially no attempt was made to define need, reliance being placed on bureau field staffs to determine regional needs within the areas of their responsibility and to translate those needs into specific program plans. The results from this approach were spotty for several reasons. This method ran counter to the entrenched bureaucratic practice of basing the ensuing year's proposals on the dollars available in the current year. The field concept of need did not always coincide with bureau policy in Washington. And despite attempts to have programs take into account the availability of manpower, materials, etc., proposals were often of a "sky's the limit" character.

However, determining the nature of need was the basic analytical and methodological problem. Value judgments and complex economic interrelationships are involved which are not measurable or are subject to limitations imposed by an insufficiency of analytical tools. Were regions closed systems, the task of defining regional needs would be less difficult, although considerable. As it is, regional needs must be understood not only in the regional context but also within the interregional and national framework as modified by international considerations. In addition, time relationships must be taken into account. The further into the future that projections are made, the less certain are the conclusions which may be drawn.

The Program Staff maintained close working relationships with the Council of Economic Advisers, but long-range planning was not materially advanced by the council's reports, since these reports concentrated so heavily on the immediate future. By a process of policy interpolation, the Program Staff was able to develop limited guide lines from council pronouncements, which were passed on to the field committees. Program Staff working relationships with the various defense planning agencies were of some value in this connection. Similar guides were garnered from the ac-



tivities of the several presidential *ad hoc* commissions already referred to, as well as the President's Scientific Research Board and the Commission on the Health of the Nation. However, because the reports and pronouncements of these agencies were not prepared with Interior's needs for regional data in mind, their direct usefulness to the department's planning effort was limited.

In response to the problems of inadequate regional socio-economic data, the Program Staff and field committees proposed to sponsor studies of specific regional needs. At first, consideration was given to preparation of a detailed socio-economic outline, to be developed over several years into a series of studies and reports under Program Staff-field committee sponsorship. This approach was abandoned in favor of the more immediately practical device of selecting specific problem-oriented topics for study. Unfortunately, the absence of research funds and of a staff sufficiently free from day-to-day pressures to carry on intensive research made it impossible for this work to be started.

The Program Staff did not overlook the fact that some bureaus in the department were engaged in economic analyses which were in part regionally oriented. However, since the bureaus are naturally advocates of their own programs, the more inclusive regional and national points of view must be introduced through independent research.

#### *An Appraisal*

THE Program Staff and field committees had had, up to mid-1953, a life of about five years. It can be said that they had made reasonable progress in developing the means to departmental leadership despite some lack of cooperation on the part of the bureau, the long-standing disinterest of Secretaries of the Interior in exerting substantial program control and direction over the bureaus, and the unwillingness of Congress to appropriate sufficient funds for their work.

Through the Program Staff and field committees, steps had been taken to institution-

alize the processes which could lead to a clarification of long- and short-term departmental goals. Although the analytical work required to identify long-range program goals had not gotten much beyond the talking stage, the Program Staff had established its departmental position sufficiently so that it was brought into the consideration of specialized investigations, like the President's Materials Policy Commission report, and could thus influence long-range program directions which the department would pursue.

The development of a method of setting forth shorter-term programs for the department and its subunits was also a major achievement of the staff. The methods used in preparing the 1955-60 program reports represented the product of five years of experimental work and came close to offering a permanent programming system. The reports were not precise enough in stating program objectives and accomplishments, and the statistics in them were inadequate; yet the response of bureau and departmental reviewers suggested that the methods of the reports pointed in the right direction.

On the short-range side, the mechanisms for adapting programs to budgetary realities were well worked out. Judging priorities on the basis of very general criteria was felt to be inadequate. It was recognized, however, that the setting of priorities must await the development of clearer governmentwide policies and extensive research findings.

The Program Staff recognized that the technical judgments of the bureaus and their field organizations, as well as "on-site" knowledge, must continue to be mirrored in the program reports. The efforts to assist in the improvement of bureau programming and the concern with improved departmental and bureau organization reflected the staff's desire to meet this objective. There was a sound awareness that progress would be slow, given the size and complexity of the department. The staff was only at the beginning of making a contribution in this area when its work was discontinued.



# A Structured Interaction Pattern For Harpsichord and Kazoo

By STEPHEN K. BAILEY

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Connecticut*

AND SO, Gentlemen, I would conclude that proper delegation, a reasonable span of control, an executive budget, a well organized personnel system, a clear division between line and staff, and a properly structured interaction pattern for decision-making are the necessary ingredients of good administration. Next hour we shall discuss headquarters-field relationships."

The well-trained bell rings. I gather up my notes, drop them on my cluttered desk, grab my hat, trot down the stone steps in front of Fisk Hall, and slide into the front seat of a waiting police cruiser.

"Good morning, Mayor. City Hall?"

"Hi, Al. Yes, City Hall."

The cruiser burps and purrs and turns down College Street.

"Say, Mayor."

"Yes, Al?"

"We gonna get a raise this year?"

"Gee, Al, I dunno. Depends. . . ."

"On what, Mayor?"

"Well, Al, it depends on the chief—and on the Police Commission. And, of course, I don't know what the Board of Finance will say—or the Merit Rating Board—or the Council. And, of course, if you fellows get a raise, what will the firemen and the boys in Public Works say. And the School Board. To say nothing of the party."

"Election year, huh, Mayor?"

"Yuh."

"Guess things are tough all over, huh, Mayor?"

"You can say that again, Al."

"Yuh."

"I'll do what I can for the boys, Al. But you know that I'm only the mayor. And in Center-ville, here, we have no scalar system and damn little posdcorb."

"How's that, Mayor?"

"Skip it, Al. Thanks for the ride."

"O.K., Mayor."

\* \* \* \* \*

As the elevator creeps toward the fourth floor, I turn to the elevator operator.

"Anyone waiting, Fred?"

"I think the comptroller wants to see you, Mayor. He's down in Bill Blake's office."

"O.K., Fred. Thanks."

I find Harry as directed.

"Oh, Mayor. Bill and I want to talk to you about the sewer bond."

"Sewer thing, Harry. Shoot." (I always pun when I know I'm in trouble.)

"Mayor, do you want these on short terms or 20-year reinvested?"

(With serious tone) "Well, Harry, there is of course a great deal to be said on both sides. Incidentally, how's the market?" (This last question I'd overheard Harry asking a banker on the phone the previous week, and it sounded dandy.)

"It's good, Mayor. It's good."

"Well, in that case, Harry, why not?"

"Why not *what*, Mayor?"

"Er—ah—why not follow the market?"

"You mean 20-year bonds, Mayor?"

"If that's what you and Bill think best, Harry, go right ahead."

"O.K., Mayor, we ought to get them for one-ninety or two."

"Yeah, Mayor," Bill breaks in, "It was up to two-forty last August."

(Me, horrified) "You mean, it's gone *down*?"

(Bill and Harry together) "But that's *good*, Mayor."

(Me, laughingly) "Oh, is it—I mean—well, ain't I the old card, boys?"

(Harry and Bill, shaking their heads good naturedly) "You sure are, Mayor."

\* \* \*

Ellen has been avoiding my glances for about a week. She's a good secretary but her morale is obviously not high. (What *was* it Elton Mayo said to do in cases like this?)

(Jovially) "Good morning, Ellen!"

(Matter of factly) "Good morning, Mayor."

(Ebulliently) "Quite a day, Ellen, huh?"

(Glumly) "I guess some people might think so, Mayor."

It is quite obvious that something has to be done about Ellen's attitude.

"Ellen."

"Yes, Mayor."

"Is something wrong?"

"Huh?"

"Is something wrong?"

"Nope."

"Ellen. Look at me. There is something wrong, isn't there?"

(Avoiding my penetrating eyes) "Is there?"

"Yes, Ellen, there is. For a week now you've been treating me like a discontinuous continuum."

"A what, Mayor?"

"A—oh, never mind. Now what is it, Ellen?"

(Pause. Then with a burst) "You know as well as I do what the trouble is, Mayor. You gave that—that—that *woman* on the third floor a raise. She's now in *my* classification, and she—she—she—OH!"

"But, Ellen, she . . ."

"She doesn't deserve a clerk-typist rating, that's what. It's all politics, and I could just die."

"But, Ellen, the Merit Rating Board upon recommendation of the Ernst and Ernst study changed that one. She's been working for the city for twenty-eight years. You've only been here six."

"I do six times the work *she* does, that's what."

"But, Ellen, everyone knows that. Everyone knows you're the best, most hardworking, most efficient girl in the building. You know I'd be lost without you. And you realize of course that the whole city would grind to a halt if you were not at the helm."

"There's no sense talking about it, Mayor. I've been hurt and you know it."

(Lamely) "I'm sorry, Ellen."

\* \* \*

The telephone buzzer buzzes.

"Yes, Ellen."

"Mr. Dugan on two, Mayor."

I push the button.

"Hello, Jack? How the heck are you? . . . You're what, Jack? . . . Now, Jack, wait a minute. . . . But, Jack, I never said that. I must have been misquoted. . . . The Bridgeport *Herald* said what? . . . Jack, that's ridiculous. Why would I call one of my own councilmen, and one of my own party, a 'pin-head'? . . . No, I did *not* say that. I simply told the reporter you had one of the sharpest heads on the Council. . . . Jack. . . . Jack. . . . Hello? Hello?"

\* \* \*

"Mayor."

"Yes, Joe."

"You asked me the other day about, what did you call it, central purchasing or something? Would you spell that out again please?"

"Sure, Joe. It's just this. I figure you in Public Works buy tires, and the Second District Highway buys tires, and Police buys tires, and the Fire Department buys tires. Instead of each one of you going down to a local filling station and buying retail, why don't you pool your orders and buy wholesale?"

"And go *outside* the city, Mayor?"

"Well, not necessarily. Can't you buy wholesale inside the city?"

"Not if you got to bid. The big distributors in Hartford and New Haven would cream the locals."

"They would?"

"Sure. And what'll the local filling stations say if you start buying out of town?"

"Why, they'll say—they'll say that I'm saving the taxpayers' money. That's what they'll say."

"Oh, Mayor—you slay me! You slay me, Mayor."

\* \* \*

"Charter Revision Committee will come to order. Minutes of the previous meeting? What is the pleasure of the committee?"

"I move they be approved and placed on file."

"Without objection, so ordered. Well, gentlemen, this evening the first item on the agenda is what to do about the councilmanic committee system. It's my own feeling that councilmanic committees should not have administrative control over departments. We must not fuzz up responsibility."

"Well, Mayor, who *should* the department heads be responsible to?"

"Well, I should say—and I don't want you to feel that I want power for *myself* here—this is a matter of administrative principle—I should say they should be responsible to the chief executive."

(Vehemently) "We don't want any dictators in Centerville."

"No, no. You don't understand. For instance, who runs a big industry?"

"A board of directors."

"Well, yes, in one sense. But you have a general manager *under* the board of directors. Now the Common Council is like the . . ."

"Who's going to control the Mayor?"

"The people."

"Yeah, like stockholders control G.E."

"No, it's not quite the same. You see, in industry, management is not in a goldfish bowl. In government, I suffer, the city suffers, from lateral pressures on the hierarchy."

"Pepto-bismol will fix that up in a jiffy, Mayor."

\* \* \*

(6:30 a.m. My wife, sleepily) "Hello? You want to speak to the Mayor? Well, it's awfully early in the . . . All right, just a minute. (Poking me) Hey! Psst! It's for you, Highness."

(Early morning bass) "This is the Mayor speaking."

"Mayor?"

"Yes. Who is this?"

"This is a taaaaxpayer."

"What can I do for you?"

"Mayor. I seen that big pitchur in the paper

last night about redoin' the whole East Side—tearin' down all those tenements and puttin' up a new civic center. That your idea?"

(A little proudly) "Why, yes."

"Mayor."

"Yes."

"Why the hell don't you stop tryin' to build Radio City and come down here and collect my garbage. It *stinks!*" (Click!)

\* \* \*

"And I give you a man who needs no introduction to the Civitans—a man who, though young in years, has certainly done a great deal for—well, that is, has certainly caused much comment during his tour of duty in City Hall. Your Mayor and mine. . . ." (Polite applause)

"Mr. Chairman, distinguished guests, members of Rotary—I mean Civitans—I'm not very good at telling stories, and you have probably all heard this one about the politician and the kangaroo. Well, it seems there was a politician and he went to the zoo one day and he went over to the kangaroo cage. Well, sir, that old kangaroo backed away and said, 'Here's *one* pocket you don't get your hands into,' and the politician said. . . ."

\* \* \*

"Mayor."

"Yes, Ellen."

"You look tired."

"A little weary, Ellen. What have I got on tonight?"

"Tonight isn't bad. Sports banquet and Park Board. But tomorrow there's Zoning Board of Appeals at 9:00; Red Cross proclamation over WCNX at 10:00; lunch at Rotary; Planning and Development at 2:00; party caucus at 5:30; dinner with the Parking Authority; and a long session with the Board of Finance on the Town School budget in the evening."

"At least I have no classes tomorrow, Ellen."

"Day *after* tomorrow, Mayor."

\* \* \*

"Gentlemen. As I was saying last time, a pyramidal structure with proper staff-line relationships, emphasis upon a proper organizational theory, with a functional decision-making interaction pattern—these make up what might be called the 'administrative way of life.'"

# Reviews of Books and Documents

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## The Mystery of Power

By Herbert Kaufman, Yale University, and Victor Jones, Wesleyan University

COMMUNITY POWER STRUCTURE: A STUDY OF DECISION MAKERS, by Floyd Hunter. University of North Carolina Press, 1953. Pp. 297. \$5.00.

### I

THERE is an elusiveness about power that endows it with an almost ghostly quality. It seems to be all around us, yet this is "sensed" with some sixth means of reception rather than with the five ordinary senses. We "know" what it is, yet we encounter endless difficulties in trying to define it. We can "tell" whether one person or group is more powerful than another, yet we cannot measure power. It is as abstract as time yet as real as a firing squad.

Countless analyses of this evasive phenomenon have been attempted; the list extends from the period of the earliest writings on politics to the present day, and the roster of authors includes many of the most distinguished names in the history of social and political thought. It is the triumph of Floyd Hunter's study that his approach possesses a freshness and boldness even in this company.<sup>1</sup>

Despite the abundance of the literature and the eminence of the writers on power, however, the subject is probably not much better understood today than it was when men first undertook to examine it systematically. And here lies the failure of Hunter's book: it adds

little, if anything, to the arguments of his predecessors. Its merit lies not so much in what it achieves as in what it suggests for future studies of power.

Hunter's treatment of power is empirical. Power to him is "a structural description of social processes . . . , a word . . . used to describe the acts of men going about the business of moving other men to act in relation to themselves or in relation to organic or inorganic things." He is concerned with it in the context of the community "because of a strong conviction that the community is a primary power center and because it is a place in which power relations can be most easily observed" (pp. 2-3). These premises lead him to an investigation of power leadership patterns in a city of half a million population—a real city, not an imaginary one, disguised by the pseudonym Regional City.

In fact, Regional City is a metropolitan community and the power structure that Hunter describes controls the policy decisions of a population that spills out of the central city into twenty-three suburban municipalities and the unincorporated areas of three counties. Many political scientists will applaud the boldness of a sociologist in studying a metropolitan community instead of generalizing about the social structure of metropolitan areas from a study of small communities.

The leaders of the community were identified from four lists of names—civic, governmental, business, and status leaders—compiled by the researchers; a total of 175 names was thus collected. These lists were submitted to a panel of six "judges," described as "persons who had lived in the community for some years and who had a knowledge of community affairs," who were asked to rank the names. These rankings were then tallied, and forty

<sup>1</sup> Mr. Hunter's book was discussed at a two-day conference of the New England Committee on Political Behavior at Wesleyan University on November 21-22, 1953. Besides Mr. Hunter and the authors of this review, the following were present: Paul H. Appleby, Stephen K. Bailey, Oliver Garceau, Stanley Gordon, Robert D. Leigh, Sigmund Neumann, John Owens, Lawrence Pelletier, Ira deA. Reid, E. E. Schattschneider, Martin Trow, and Coleman Woodbury. We are indebted to the members of the conference but absolve them from all responsibility for our statements.

names were selected as the power leaders. Regional City is located in the South, and this method, it developed, excluded the Negro population almost entirely, so the same technique was separately applied to the Negro subcommunity to discover its place in the power picture. Are there other subcommunities in Regional City with a structured leadership? Do all of the 135 persons nominated for leadership but not selected as power leaders by the panel function solely as satellites of the top forty?

The book is essentially a study of the relationships of these selected individuals with each other and with the rest of the community. Using a variety of sociometric and charting devices and a great deal of interview material, Hunter comes to a number of conclusions about the power structure of Regional City that may here be stated in abbreviated—and doubtless oversimplified—form.

The leadership of Regional City is in the hands of the forty white power-wielders for all practical purposes. Twenty-three of these are in commerce, finance, and industry; five are "leisure personnel," that is, "persons who have social or civic organization leadership capacities and yet do not have business offices or similar places in which they conduct their day-by-day affairs"; only six are professionals; government is represented by but four; two labor leaders, representing large unions, are on the list (pp. 11-13 and Appendix). The roster, in short, is predominantly middle class, and fairly heavily upper middle class; Dods-worth would have felt completely at home in the company of Regional City's elect.

These are the people who run Regional City, according to Hunter. The policy-making machinery of the community is concentrated largely in their hands (pp. 104, 230, 232). This handful of individuals in a city of half a million makes the key decisions affecting the lives and welfare of the entire populace.

The leadership group is integrated. Its members tend to cluster in the most desirable areas of town; there is a remarkable pattern of interlocking memberships in social, civic, charitable, religious, and fraternal organizations; there are considerable business contacts. They are conscious of their position in the community. Hunter has succeeded in capturing a good

deal of the flavor of their lives and in conveying it rather vividly to the reader; he brings them to life.

The leadership group is more or less isolated from the community whose affairs it directs. The leaders' lives are not like the lives of most of the other Regional City dwellers. The leaders are more comfortable. They do not feel the same economic pressures. They operate as a more or less closed group, and they are self-selecting with regard to admission to the charmed circle. They mingle with each other rather than with outsiders. Hunter concedes that they are probably aware of the social problems of the rest of the population, but the pattern of their lives tends to set them apart all the same.

The leadership makes the policy decisions; it depends on a substructure to execute those decisions. The composition of the substructure is not analyzed in any detail, but it seems to comprise the professions, the governmental and business bureaucracies, the political organizations, the churches, and the lesser officers of the social and other organizations and institutions of Regional City. These people are depicted as the executors rather than the initiators of policy; they function as the mechanism by which the policy decisions of the leadership group are translated into action, the machinery that turns the rudder whenever the steering wheel is turned by the real leaders.

## II

WHETHER or not there is a small ruling elite in Regional City is of importance principally to Regional City; whether a conceptual framework capable of handling the problem of power has been developed is of importance to social scientists everywhere, and perhaps to mankind as a whole. It is possible sometimes to arrive at the right answers by chance even when one adopts an invalid method of solving a problem;<sup>2</sup> the fortuitous

<sup>2</sup> This is not to say Hunter definitely is right, although many will find corroboration in their own intuitive assessments of familiar power situations and in eminent authorities—Pareto and Michels in their general theories, for example, and Brogan and Laski in their specific comments on local government. If he is right, the validity of his methodology is not thereby established; that is all that is here asserted.



selection of a correct solution is then of little consequence, for it affords little opportunity to attack similar problems—or even different versions of the same problem—with expectation of success. Hunter may thus be right or wrong about the social structure of Regional City, but that is beside the point if his methods are faulty. Unfortunately, they are, and these shortcomings are probably more important than any chance accuracy in his conclusions.

The major deficiency of Hunter's treatment of power in Regional City is his proneness to take for granted precisely what must be proved, and, by this practice, to predetermine his findings and conclusions. Specifically, his point of departure is the question: what persons in Regional City constitute the elite of the community, what are these persons like, and what regular contacts do they have with each other? This inquiry assumes the existence of the elite has been established, and, since Hunter's own method is empirical, presumably established by an empirical standard. Nothing could be further from the truth. That there is a small group running the city is not demonstrated but presupposed, and this presupposition relieves Hunter of the obligation to develop any objective measure of power. He begins his structure at the mezzanine without showing us a lobby or a foundation.

In point of fact, one of the most difficult things to demonstrate scientifically is the power of one individual or group over others. We all have strong intuitive reactions, to be sure, but to prove the relationship objectively is not the same thing at all. For one thing, it is rarely quite clear that the course of events would be different had the power-wielders failed to exert their influence; if the same events occur no matter what they do, their claim to power must be regarded as spurious, in much the same way as the claim of any group to have power over the sun because they will it to rise in the east and set in the west. It is conceivable that life in Regional City would continue in much the same direction and at much the same tempo as at present even if all forty of the leaders indentified by Hunter disappeared one night, and this suggests that they may themselves be carried along by the continuing forces at work in the

community as well as directing those forces.<sup>3</sup> Certainly this is the case in many primitive societies, where the force of custom is much greater than the power of any individual or group of individuals; however, if one were to approach these societies with Hunter's *a priori* premises, one would soon "discover" leaders.<sup>4</sup>

But even if the activities of a group clearly had some relationship to the course of events, that in itself would *still* not dispel the ambiguities that plague the analysis of power. Simon<sup>5</sup> has pointed out additional difficulties in the identification of power. If the tie between A and B is asymmetrical—i.e., A influences B but B does not influence A at all—he argues, the measurement of power is comparatively simple. In reality, however, such situations rarely exist. There is feedback, in which an individual attempting to influence the behavior of others is himself influenced by their reactions, adjusting his own behavior according to the fashion in which they respond to him. Moreover, there is, according to Simon, an even graver complication in what Friedrich

<sup>3</sup> In fact, there is some evidence of this in Hunter, at p. 246: "The situation, as observed in this study, is that the policy-makers have a fairly definite set of settled policies at their command [perhaps "commanding them" would be more accurate], which have been historically functional in the community. New problems which arise are measured by the standards of older policy decisions. . . ." This seems to suggest a continuity that limits the discretion of the power leaders, although Hunter does point out that policy "adjustments are made to fit new conditions whenever the situation warrants. . . ." The full implications of the weight of tradition and custom and the expectations of the community are explored nowhere in the book.

<sup>4</sup> Even without the inherent bias of Hunter's approach, it would not be surprising if random interviewers were to perceive a single leadership group in any situation. The assumption that there is always such a finite, often tangible, cause is deeply imbedded in the thought patterns of our culture, and there is no reason to doubt that it would be projected into a situation even if the queries did not themselves prejudice the replies. This is a fatal defect in Hunter's panel and interview technique.

<sup>5</sup> Herbert A. Simon, "Notes on the Observation and Measurement of Political Power," 15 *The Journal of Politics* 500-16 (1953). While it is true this article, which makes explicit many of the difficulties in observing and measuring power, did not appear until long after the publication of Hunter's book, most of the sources on which Simon relies preceded Hunter, notably, Harold D. Lasswell and Abraham Kaplan, *Power and Society* (Yale University Press, 1950).

has called "the rule of anticipated reactions"; what power personnel do is conditioned not only by how those they try to influence *actually* act, but by how the leaders *expect* them to act; again, the power personnel have themselves been influenced, though there is no tangible evidence of the fact except (as Simon points out) when they guess wrong.

It may have been the instinctive perception of these difficulties involved in trying to handle power operationally that persuaded Hunter to choose his group relatively arbitrarily from the membership in certain selected organizations of the community, and to entrust final choice of his subjects to the judgment of his "jury" or panel of informed local residents. But avoiding problems is not the same as solving them. And Hunter's substitute for a reliable index of the location and degree of power is certainly a dubious one; it is not the way one would try to decide who the wealthiest people in the community are or what the city's average temperature is. All the arguments against arriving at these determinations through the votes of a lay panel apply with equal force against using this method for the measurement of power. To be sure, we have more or less reliable yardsticks by which to assess wealth or temperature, and a yardstick is lacking in the realm of power. But this means that Hunter has tried to deal with a phenomenon before adequate tools are at hand to handle it, and his findings must therefore be regarded as intuitive—mature and rich in insight, but intuitive all the same—rather than scientific.<sup>6</sup>

In short, Hunter skirts or ignores the unanswered questions, treating them as though they had been resolved when in truth they have not been, in order to come to grips with the indisputably fascinating aspects of power. The result is certainly an intriguing description. But the study must be regarded as far from conclusive because it rests, in the last analysis, on a faulty base.

This may be the reason for the appearance of elements within Hunter's own data suggesting that the impression with which he

leaves the reader is in some ways misleading. Admittedly, Hunter specifically disavows any claim that the group with which he is concerned is the sole power center in Regional City:

No pretense is made that the group to be discussed represents the totality of power leaders of the community, but it is felt that a representative case sample is presented, and that the men described come well within the range of the center of power in the community.<sup>7</sup>

Despite this qualified disclaimer, however, the total impact of the book gives the reader the sense of a supreme military headquarters in which forty top strategists arrive at a consensus on what is to be done, and of a series of lesser commands that spring into action only at the behest of the supreme commanders. Indeed, Hunter's primary source of anxiety is that these strategists reach their decisions in virtual isolation from the people who are most affected by them. His denial that they function as the single power core of Regional City is more than outweighed by the structure of his presentation and the depth of his concern.

But there is some evidence that the group he studied engages in bargaining of some sort to secure the kind of program it wants, and that the bureaucratic and professional substructure actually imposes limits on the discretion of the top leaders. When, for example, some of the Negro citizens of Regional City instituted suit to secure school facilities for Negro children equal to the facilities provided for white children, the power leaders identified by Hunter, instead of invoking all the sanctions at their disposal, decided to try "to make concessions to the Negro community in the matter. They feel that the Negroes are not serious in their suit but are bringing it forward to have a better bargaining position with the community leaders" (p. 222). In the light of the state of relations between whites and blacks in the Deep South, the willingness of the most powerful people in Regional City to negotiate with Negro leaders on this funda-

<sup>6</sup> See Ruth Rosner Kornhouser, "The Warner Approach to Social Stratification," in Reinhard Bendix and S. M. Lipset (eds.), *Class, Status and Power* (Glencoe, Ill.: The Free Press, 1953), pp. 224-55.

<sup>7</sup> P. 61. See also his statement at p. 62: "... I doubt seriously that power forms a single pyramid with any nicety in a community the size of Regional City. There are pyramids of power in this community which seem more important to the present discussion than a pyramid."

mental issue can doubtless be interpreted as strong evidence that the flow of influence is not quite so one-sided as the book indicates, and that the process of bargaining, especially where other white groups are involved, is probably much more widespread than one would conclude from Hunter's presentation.

To take another example, the influence of the substructure personnel on the top leaders is indicated by the fact that "the power leaders have action initiated for them more often than they initiate action." . . . (p. 226). "The under-structure personnel play around with the lesser issues in many cases, and, through their channels of communication with the power leaders, some of their issues may be picked up for top level policy consideration" (p. 225). In this event, presumably, they are no longer lesser issues, but become major ones.

Hunter here finds himself in the same dilemma as Weber, who saw the bureaucracy as both a controlling factor in society by virtue of its monopoly on certain types of expertise and as a passive mechanism to be operated by whatever group happens to be in a position to manipulate it. But whereas Weber observes *both* of these contradictory characteristics of bureaucracy (though without attempting to resolve the quandary), Hunter blithely ignores his substructure's influence (except for the brief passage cited) and stresses only its submissive qualities. Yet if the substructure personnel of Regional City can decide what issues the top leaders will take up, and if, in addition, the leaders are dependent upon them in many technical matters, then we cannot escape the conclusion that the substructure is not only actually making important social decisions but is also in a position to use its technical competence as a factor in bargaining for what it wants.

These examples are isolated instances that Hunter mentions only in passing. But they give the reader pause. It would seem from these fragments that power is somewhat more diffused in Regional City than one might infer from the way he presents his analysis. In this light, there is more than casual significance in his remark, "the personnel with which the current discussion is concerned represents but a minute fraction of the community in which it moves and functions" (p.

60). He has not given us a study of the power structure of Regional City at all! Rather, he has set forth a portrait of one of the groups having some power over some things at some times. The place of this group in the interplay of power groups in Regional City is never made clear, and what from some indications may be a pluralist society emerges under Hunter's hands as a sternly monolithic organization. At best, the study is incomplete; at worst, it may be invalid.

That is not to say a set of pluralist preconceptions is to be preferred; this may lead to as many difficulties as beset those who attempt to impose a monistic interpretation of power on the facts. Rather, we need an approach that recognizes all the possibilities without prejudging the results of the research. Hunter does not escape this pitfall. Consequently, though he has produced an interesting and stimulating volume, it is striking more for showing us how far we still have to go than for the distance it carries us beyond where we were.

### III

STUDENTS of metropolitics and people who wish to annex territory to the central city, or reorganize the county into a metropolitan government, or rewrite the city charter would be relieved if they had only to address themselves to a small group of easily identifiable decision makers. But their experience contradicts this theory. They would probably characterize the political process in which they have been caught time and again as exceedingly complex, "as much of a tangle and as full of movement as a canful of angleworms."

The principal issue that Hunter uses to illustrate the way the top decision makers work together and the way they manipulate the rest of the community is the annexation of territory to the central city and the realignment of functions between the city and the county.<sup>8</sup> The basic recommendations of the Local Government Commission, known as "The Plan of Development," were enacted during 1950 by the state legislature. This success, practically unknown in other metropolitan areas, Hunter attributes almost entirely to

<sup>8</sup> This was voted the principal issue in Regional City by the top decision makers themselves; see pp. 215, 223.

the development of interest in, and support for, the project on the part of the leadership group:

There are, perhaps, a score of . . . factors which have entered into the present demand for the extension of city boundaries beyond their present limits. The main fact is that there is now substantial agreement among the leaders that this improvement in governmental operation should be made. (p. 217)

Once they had achieved consensus on this issue, an official committee was established to carry out the program. Only five members of the committee, incidentally, were power leaders; the remainder were selected from the substructure. The policy having been arrived at, its implementation was assigned to the executive machinery, with only a small segment of the elite taking part in this phase, apparently to supervise the execution. That's all there was to it—or so it seems to Hunter.

Those who have ever been drawn into the efforts to change local government and administration, however, cannot but feel dissatisfied with Hunter's tantalizing description of the process by which this decision was reached in Regional City. "In recent years," he observes, ". . . there has been a growing awareness on the part of many leaders and of a substantial portion of the citizenry that the situation was one that needed to be remedied" (p. 216). How was that awareness born? Was it perhaps the result of the work of some "uninfluential" group in the community, working long and hard and carefully to produce the consensus that Hunter treats in such casual fashion? In other words, is there someone behind the power leaders on some issues? And how important was that "substantial part of the citizenry?" Could it be that Hunter's power leaders are in reality *following* a ground swell of public opinion? "There would seem to be no particular merit in attempting to analyze why each of the power leaders was vitally interested in the improvement plan" (p. 218), Hunter contends; in brushing aside this question and the "score of factors" involved in the making of this one decision (which actually turns out to be a whole network of decisions comprising property rights, bonded indebtedness, taxes, etc.), he evades the center of the

problem of power in the improvement of government in metropolitan areas.

Equally deficient is the blithe assumption that announcement of a plan is the most important step in metropolitan improvement. Students of administration are well aware that policy decisions can be and frequently have been sabotaged by a bureaucracy opposed or sometimes only indifferent to them. That Regional City has come as far along the reform road as it has is indeed an impressive development, but it hardly constitutes sufficient grounds for concluding that only a few dozen people are responsible; if the plan succeeds, it will doubtless be because the consensus on it was a good deal wider than this book suggests. The power to execute policy is the power to alter or make policy; Hunter assumes this is not true in Regional City, but he nowhere demonstrates the validity of his assumption.

One of the greatest barriers to metropolitan integration is the tendency of people to identify themselves with the local corporate unit of government in which they live rather than with the larger metropolitan community of which they are a part. The carefully developed schemes of many a metropolitan planner have foundered on the rock of this sentiment, and many small communities persist in their local loyalties even when it is demonstrably uneconomic to do so. Yet this phenomenon, so familiar to planners, is not examined by Hunter at all in his account of Regional City's Plan of Development. At the very outset, he places "psychological motivation in power relations [in] another residual category" (p. 4) and therefore excludes it from his discussion (although economic motivation is constantly referred to as a determinant of behavior as if it were not psychological). An inquiry that omits such an important category of factors may have some positive values, but it is perfectly clear that it does not meet the needs of the student of metropolitan government and politics.

#### IV

HUNTER is profoundly distressed by the power structure of Regional City. It upsets him that the leaders "are able to enforce their decisions by persuasion, intimidation, coercion, and, if necessary, force." "In some



cases they have the machinery of government at their bidding. In many cases they control large industries in which they reign supreme in matters of decision affecting large numbers of the citizenry" (p. 24). He is disturbed that they use these elements of compulsion to secure compliance with their decisions and to suppress opposition if and when it occurs. For, he declares,

This situation does not square with the concepts of democracy we have been taught to revere. The line of communication between the leaders and the people needs to be broadened and strengthened—and by more than a series of public-relations and propaganda campaigns—else our concept of democracy is in danger of losing vitality in dealing with problems that affect all in common. (p. 1)

He therefore closes his book with an entreaty that the "bottom structure" of the population be brought more fully into the deciding process than is now the case, and that this be done by building and strengthening "associational groupings"—the labor unions, the welfare agencies, the professional societies, the Negro organizations. In this way, he argues, the flow of communications upward from "the little man" can be increased, the participation of all elements of the population in the making of community decisions can be enlarged, and the "paralysis of action and the suppression of dissatisfaction" that now prevail can be eliminated and the functioning of our democracy thereby reinvigorated.

It is not so much with the nature of his proposal for diffusing power as with the weaknesses of his evidence that power is in fact as centralized as he contends that these reviewers have taken issue. But even if, for a moment, for the sake of argument, they were willing to accept his evidence as probative, they would still be concerned about a serious omission in his recommendations. That is the neglect of the political process as a means by which the excluded elements of the populace might impress themselves upon decision-making in Regional City.

Hunter gives little consideration to political parties, either as a factor affecting existent power structure or as a means of opening up the decision-making process. Yet many of the decisions of the power leaders take the form of

official pronouncements or actions by the government of Regional City, and the government is responsive to the parties that help it win office. The parties, however, are not monolithic organizations completely under the thumb of a small group; V. O. Key, Jr., has shown that the Democratic party in the one-party areas of the South "is merely a holding company for a congeries of transient squabbling factions. . . ."<sup>9</sup> Against the strongly entrenched group alleged to be ruling Regional City, associations of the kind recommended by Hunter would have little direct leverage; in a test of power, the leaders would unquestionably win easily. But in the welter of coalitions and compromises among the fragments of the party system, with each faction seeking strength wherever it can find it, the associations of currently voiceless masses would have a bargaining position through their votes and their donations of time and energy and money that would enable them to exert some influence. Then, even the elite could not ignore them.

Nor is this merely theoretical speculation; Hunter himself provides the evidence that it is already the case in fact. The most disadvantaged citizens of Regional City, the Negroes, have already discovered the principle, and have pressed their claims not upon the people Hunter calls the leaders but upon the politicians of the city.<sup>10</sup> The politicians do listen to them and do respond to them; the community leaders, who ought not to be concerned about these interactions in the substructure if the leaders are actually as powerful as they are represented, do manifest some anxiety. The parties thus furnish a convenient avenue for the exercise of influence over the inner circle; this avenue is scarcely explored by Hunter when he seeks the means of transforming the power structure of the metropolis.

<sup>9</sup> *Southern Politics in State and Nation* (Alfred A. Knopf, 1949), p. 16.

<sup>10</sup> "The Negro citizenry is becoming increasingly organized . . . and the politicians are paying more attention to the demands of this group" (p. 257). "Subcommunity [i.e., Negro] leaders never rate inclusion on the white upper-policy-strategy committees but are approached informally to get their opinions. This process is a relatively fixed pattern. The exception may lie, to some extent, in the realm of partisan politics" (p. 128).



## V

STUDENTS of administration—public and private, local, state, national, and international—will find a great deal of interest in *Community Power Structure* in spite of its shortcomings. For one thing, it makes enjoyable reading. For another, the problem with which Hunter is concerned is as relevant to administrative organizations of every kind as to urban communities; we, too, are dealing with the business of moving men to act. We can learn from every study of the nature of power and influence.

We are also in a position to contribute a great deal to the study of these phenomena. The organizations on which administration, as a profession, focuses its attention are in many respects smaller, more manageable, and perhaps slightly less complex than the vast network of institutions Hunter sought to pene-

trate. In this respect, they seem particularly well suited to observation and experimentation for research. We have made some progress in this direction since the administrative behavior approach came into its own less than a decade ago, but it is clear that we are still not far beyond the starting post. Hunter's study may well provide a challenge and stimulus that will help to move us farther and faster along the road.

It is easy for us, as political scientists, to be critical of a sociologist when he ventures so close to our pastures. But none of us has moved in with such a study of the structure and dynamics of power in a metropolitan community. If we do move in, we shall certainly benefit from working with sociologists. Clearly the time for such collaboration to begin is in the period of research design. This is more difficult, but also more responsible and useful, than reviewing a book after it is published.

## Budgeting for a Large Organization

By Clifford R. Barnes, formerly Kentucky Commissioner of Finance

PROGRAM BUDGETING: THEORY AND PRACTICE WITH PARTICULAR REFERENCE TO THE U.S. DEPARTMENT OF THE ARMY, by Frederick C. Mosher. Public Administration Service, 1954. Pp. 258. \$5.00.

## I

"IT is essential to know actual as well as theoretical method of dipping ice cream, as they differ considerably." Mr. Mosher introduces one of the chapters of his book with this quotation from a Department of the Army pamphlet.<sup>1</sup> Although he does not specifically say so, Mr. Mosher seems to have found that the theory and practice of budgeting in the Army also differ. In *Program Budgeting: Theory and Practice*, he gives us a picture of both.

Mr. Mosher's book is the result of work done in 1952. In the spring of that year, while a

Ford Foundation faculty fellow at Harvard, he became interested in the problems of the federal budget and particularly in those of the Defense Department budget. He spent the summer months of 1952 in Washington studying the systems and problems of military budgeting. Although he relied upon documentary sources for basic reference material, the core of his research was a program of interviews with persons both in and out of the Department of Defense. Closely interwoven with the descriptive material is an evaluation obviously drawn from these interviews and personal conversations. It is on this basis that Mr. Mosher can state that he deals with the practice of program budgeting as well as its theory; and it is this evaluative material that gives greatest worth to the book.

Although Mr. Mosher has titled his book *Program Budgeting*, it can more accurately be described as a study of military budgeting with an emphasis upon efforts at program budgeting. I make this point because it serves to emphasize something which I strongly believe: program budgeting is neither so new nor so

<sup>1</sup> Pamphlet 20-325, paragraph 4, as quoted in *The New Yorker*, December 13, 1952, p. 77.

revolutionary as many of its advocates would have us believe. Mosher includes two footnotes that associate the year 1912 with "cost-data" budgeting in the Borough of Richmond in New York City and with President William Howard Taft's complaint that the federal budget did not lend itself to considerations of program. His own description of program budgeting in the Defense Department indicates that program budgeting is more a modification of some existing budgeting practices and procedures than a substitution of completely new ones.

To my mind program budgeting is even less revolutionary than that. It is simply a restatement, with a distinctive title, of some of the fundamental principles of effective budgeting. I am hard put to it to believe that a budget which shows the purposes (programs) for which the people's money is spent is a new idea. This is what a budget has always been if it has been anything more than an "advance showing" of the end of the year accounting summaries. While it must be granted that many governmental units have strayed far afield, in so doing they have strayed from the basic concept of budgeting itself. The device of dressing up the old fundamentals in a fancy new title may attract more converts and attract them faster, but they are not being converted to very much more than the standard definition of a budget—a plan of operation expressed in terms of dollars.

Be all this as it may, program budgeting and performance budgeting (Mosher uses the terms synonymously) have attracted a great deal of attention in recent years. The attention has undoubtedly done much to further the cause of effective budgeting. Mr. Mosher, though he writes specifically of the Department of Defense, discusses many of the questions that are plaguing us all.

## II

MR. MOSHER opens his book with a general discussion of budgeting. He describes budgeting as a system of communication that translates ideas into different levels of meaning. The levels are the rungs on the administrative ladder and the translation consists of synthesizing or "spreading," depending upon whether the information is going down or up.

He points out that "the ways in which it is done importantly affect the kinds of treatment and decisions that can be made at various levels." This is why budgetary classification has always been important and why Mr. Mosher believes that, in one sense, it is the "essence of the rationale of the recent strivings toward 'performance budgeting.'"

Mr. Mosher lists certain factors that he terms the context of budgeting. The first of these is the fact that "large areas of crucial importance to future plans are unknown or relatively unresponsive to control." He cites the world situation as an example, but there are, of course, many—as anyone who has ever worked on a budget, whether governmental, corporate, or personal, knows.

The second factor in the context of budgeting is time. Contrary to what sometimes appears to be a general belief in lay circles, budgets, and particularly military budgets, cannot be made up by isolated segments of time—fiscal years. The years that immediately precede and the years that follow the one to be budgeted must also be considered. Mr. Mosher discusses this problem at several points in his book. His illustrations from the experience of the Department of Defense are excellent. Students and practitioners in the field of administration will find here a new store of ammunition to use against those who think it is a simple matter to cut a budget.

A third factor which is a part of the context of budgeting is the institutional and organizational structure involved in the process. "A going organization is a great package of systems, traditions, habits, values and beliefs, relationships, and behavioral patterns." While these are inevitable and usually desirable, they also constitute resistances to change. An understanding of the institutional forces is essential to the effective management of an agency's program and budget.

The human or interpersonal factor is the fourth element in the context of public budgeting. Mr. Mosher points out the danger of generalizing in this area, but cites "certain interpersonal situations which appear to be both widespread and significant." These are the tendency of administrators to identify their personal progress and welfare with that of their programs and organization; the "law of

anticipated reactions," the anticipation being that the budget request will be cut and the reaction being that it should be padded so that it can stand cutting; "combinations in restraint of competition" under which the "system of orderly competition" in budgeting does not properly operate; conflicts and antagonisms between individuals and groups which either develop over budget questions or are brought into the open by budget competition; and group relationships and friendships, "particularly those that are reinforced by professional, working association." Mr. Mosher cites as an example of this last the "sometimes close professional tie between budget examiners at different echelons of the same organization."

Mr. Mosher winds up his general discussion of budgeting by terming the budget process "one of the supreme examples of rationality in government," and by pointing out that public budgeting is necessarily a process of making choices between competing programs and objectives. He expresses the hope that these choices will be better ones if they are based upon a knowledge of the process by which the alternatives were formulated—the budget process—and asserts that "in perhaps no other organization in the national government is examination and analysis to this end more demanding in its challenge or potentially more rewarding than in the military establishment."

In opening his discussion of budgeting in the Department of Defense, Mr. Mosher paraphrases Gertrude Stein by asserting that "a budget is a plan is a plan is a plan." Historically, however, this has not been the case in the United States military establishment. Planning has been thought of largely in military terms while budgeting has been considered in political terms. There is little historical precedent for the correlation of the processes and organizations of the two.

In the years since World War II and particularly since 1949, however, there has been "a welter of activities, experiments, and improvisations as well as some very fundamental and firm changes." The drive toward organizational unification has resulted in greater centralization of planning, programming, and budgeting. Planning and programming are considered properly to precede and provide the basis for budget estimates. Budgeting is

tied in with programming in a number of ways, but the processes are fundamentally distinct; the organizations and individuals concerned differ in part, as do the procedure, the timing, the philosophy, and the classifications.

The role and importance of the budget in the total military picture is being transformed. Its position is not yet clear, but certainly it is greatly changed since pre-World War II days. It is now recognized as an instrument—in fact, the expression—of military plans. Planning procedures are largely tailored to the requirements of the budget cycle, and the budget, far from being the stepchild of the central military staffs, is increasingly becoming one of their dominating concerns. "In spite of faltering beginnings after the passage of the unifying bill of 1947, the budget has rapidly developed as an important force, perhaps the most important force, toward real unification in the department."

The present budget system for the Department of Defense was contained in Title IV of the National Security Act passed in 1949 as an amendment to the National Security Act of 1947. The act made the "performance budget" mandatory for the entire department. Interestingly, the Navy had previously tried, and failed, to have a performance-type budget adopted by Congress, and the Air Force was at the time of passage in the process of completing its first performance-type budget.

### III

FORMER President Herbert Hoover is said to have invented the term "performance budget" to give sales appeal to a "different and improved" method of federal budgeting. The central idea of the performance budget is that the budget process be focused upon programs and functions instead of upon objects of expenditure.

Mr. Mosher notes that program budgeting means different things to different people. To a politician or legislator it means a reduction of appropriation items, a reorganization of the appropriation structure in terms of programs, and the presentation of budget requests in a manner that will emphasize issues and make possible more effective choices. To a top administrator it means these things, plus greater flexibility and discretion in his operations and

better control and accountability with regard to his subordinates. Down the line of an agency it *may* mean a single source for funds, an enlargement of authority, flexibility, and responsibility in the use of funds, and a mechanism for relating program planning and financial planning. To the accountant it means accrual accounting, cost accounting, segregation of capital from operating accounts, the establishment of working capital funds, and many other techniques.

Mr. Mosher suggests that program budgeting means more than a difference in technique and methods—that it is basically a change in a way of thinking. My own experience in the field of budgeting leads me to agree with him. Techniques and methods are tools which can be taught. They will be effectively used, however, only when agency personnel have grasped the concept—the way of thinking—with which the tools are associated. Many times I have watched an agency's budget "come to life" because its personnel have ceased to look upon it as a part of the bookkeeper's account ledgers and have come to see it as a plan of operation expressed in dollars—a program, if you will—their program.

Mr. Mosher's discussion of the performance budget system lays "particular emphasis upon the obstacles and problems in the application of this concept to military activities." The problems are broadly enough stated to apply to program budgeting anywhere.

The first problem, and the one that Mr. Mosher considers fundamental, is classification. It is in this area that the first and probably to date the most widespread changes have taken place under performance budgeting. Classification changes were accomplished in the federal government in the following manner: first, the Bureau of the Budget developed a broad classification of the basic functions of the government; second, the appropriation structure for each agency was overhauled, accompanied usually by a sharp reduction in the number of individual appropriations; and third, classifications and divisions of activities, programs, functions, and projects were developed within each agency. Accompanying all of this has been the modification of accounting systems, including the reclassification of accounts.

Classifications have been determined from the "top down." The primary consideration in the development of new classifications appears to have been their usefulness for appraisal and decision-making at top executive and legislative levels. The subdivisions have been framed to "feed into" the top classifications, and relatively little consideration has been given to their usefulness in facilitating effective internal administration.

Another problem Mr. Mosher found in Defense Department budgeting was the perennial one of separating the cost of capital outlay from current operating expenses. Anyone who has worked with a budget has been confronted with this problem. In the Defense Department a part of the problem lies in the matter of classifying expenditures: ammunition, for instance, is classified as capital outlay.

Mr. Mosher also discusses the conflict between organizational and program structures which may be brought to light by attempts at program budgeting. He emphasizes the distinction between organization and program and the necessity under program budgeting of always budgeting strictly and completely the program and never the organization. He complains that much of the literature on the subject carries "an implicit assumption that the basic classification of an agency's programs is, or should be, identical to the organizational structure." While it is true that some programs do not lend themselves to unifunctional organization, I think it cannot be denied that it is desirable that programs and organizations coincide whenever possible. The possibilities, moreover, are more widespread than the practice at the present time. Mr. Mosher overemphasizes the theoretical necessity of budgeting program, and only program, and underemphasizes the practical ability to compromise. To those who are faced with the frustrating problem of an agency in which program and organization cannot coincide and compromise is impossible, Mr. Mosher's discussion will be enlightening. To the administrator who has been frightened by Mr. Mosher's discussion into fearing that budgeting by program is too complex for his agency, I say that, unless he is in the Department of Defense, his chances are much better than 50-50 that his present organizational structure, a logical reorganiza-

tion, or a sensible compromise will enable him to budget by program and organization at one and the same time.

#### IV

MR. MOSHER discusses the budget process in the Department of Defense, as well as the budget structure. He describes two methods of budget estimating which are used. A "field" system follows the traditional scheme of budget development by securing estimates from lower echelons and funneling them upward. This system is characterized by the *addition* of like items to determine total requirements. A second method is the "factorial" one in which the requirements of all like units are standardized and total requirements are determined by *multiplying* these factors. This operation is performed centrally without reference to the field. The tendency in the Department of Defense is to use the factorial method wherever requirements and cost can be standardized. In terms of dollars, the greater part of the defense budget is arrived at by the factorial method. The field method remains important, however, for costs which cannot be standardized or which are not generally applicable. Mr. Mosher sees merit in the emphasis upon "factorial" estimating, because it reduces the time necessary to prepare a budget. Budget preparation at present is begun two years prior to the beginning of a fiscal year.

Mr. Mosher, in fact, proposes that the Department of Defense go one step further and prepare two separate budgets. The first, a program budget, would be prepared entirely by the factorial method and without reference to the field. Its purpose would be to facilitate program consideration and decision-making at the highest level. Mr. Mosher believes that what it would lose in accuracy by complete reliance upon the factorial method and centralized preparation would be made up for by increased accuracy due to a shorter preparation period nearer the actual year being budgeted. The second budget Mr. Mosher proposes is an administrative budget based upon the approved program budget and prepared by a combination of factorial and field methods similar to the procedures now used. The structure of the administrative budget would follow organizational rather than program lines when the two varied. The administrative budget would be the primary vehicle for internal planning and control. Mr. Mosher's proposal deserves consideration.

*Program Budgeting* is a valuable book. Its discussion of budgeting in the Department of Defense is interesting *per se*. As an example of the application of program budgeting to a large and complex organization, it becomes extremely valuable to all public administrators.

## Motivation, Morale, and Communication

By Phillips Bradley, Syracuse University

MOTIVATION AND MORALE IN INDUSTRY, by Morris S. Viteles. W. W. Norton and Company, 1953. Pp. 510. \$9.50.

COMMUNICATION IN MANAGEMENT; A GUIDE TO ADMINISTRATIVE COMMUNICATION, by Charles E. Redfield. University of Chicago Press, 1953. Pp. 290. \$3.75.

THESE volumes are useful additions to the public administrator's reading list. The fact that both draw their illustrations from and make their applications to private manage-

ment makes the studies no less pertinent to public management. To this reviewer, many of the distinctions often drawn between the two spheres are more fictional than functional.

The objectives of public and private enterprise, of government and industry or business, are, of course, not the same, at least in their more immediate aspects. The scope of operations and clienteles affected are broader in public than in private enterprise. When we look inside, however, the operating activities, organization, and procedures for many facets



of management are pretty much the same—sometimes almost identical. This is particularly true in the areas covered by these volumes: motivation and morale and communication. The work processes, the types of work and worker, the organizational patterns, and the responses to management practices are not dissimilar. What essential differences, for instance, are there in these factors (and others) between a stenographic pool or a business-machine unit in the Department of Commerce or the Social Security Administration and in the First National Bank or the Ford Motor Company? One could multiply examples in other areas of management, both staff and line. Industrial as well as white-collar occupations are found both in public and in private management.

It is, perhaps, true that the higher one moves in the pyramid of management the larger the differences between public and private administration appear. This would certainly be true of the over-all purposes or the factors considered relevant to policy decisions. Even here, however, there may be greater apparent than real differences. Top decision-making in a large corporation raises significant questions of, for example, the time perspective to be considered, as it does in government.

When one looks inward, rather than outward, to internal management processes, the similarities between public and private enterprise become even more evident. The relations of top-level administrators to the rank-and-file in enhancing or depressing motivation and morale are a function of size rather than of type of agency. Communication is an endemic problem in every large organization. Analysis of these questions has been pushed further on the whole in the arena of so-called private management. The data collected there are, therefore, all the more useful to government in expanding its range of management analysis and experimentation.

The first of these studies, as indicated by its title, is the broader and more inclusive in outlook and analysis. Mr. Viteles, long a leader in the exploration of industrial psychology, here brings together the results of several decades of practical consulting work, as well as of academic research. He divides his twenty-three chapters into five parts: mobilizing the will to

work; the background of motivational theory; experimental studies; employee-attitude surveys; and guideposts for management.

The first two parts of the study provide the most comprehensive review and appraisal of major psychological theories, as applied to the industrial discipline, available today. The range of materials analyzed is indicated by reference to 512 sources in the five introductory chapters. These sources run from the most general psychological and psychoanalytical writings to reports of in-plant and industrial-environmental studies. Nor does the author content himself with a mere catalog and comparison of the data collected by others. Throughout this groundwork approach to motivation and morale, he offers informed judgments of his own on the bearing of these variant, often deviant, theories on the central questions of worker attitudes and responses.

In the third and fourth parts, Mr. Viteles analyzes two broad questions of efficient management. The first relates to the characteristics of the work environment which will induce the highest employee response as measured by productivity. What size of work group is most efficient for different types of jobs? How does knowledge of performance affect productivity? What types of supervision induce maximum productivity? Does employee participation in decision-making aid productivity? What are the essential ingredients of "teamwork"? For these and similar questions, Mr. Viteles finds answers in the wide range of direct observational studies here and abroad which have emerged from academic curiosity and practical management needs during the past quarter century.

The second broad question is how to detect—and measure—the most effective incentives to productivity. Here, Mr. Viteles reviews the techniques (and difficulties) of attitude surveys and interviews. From the general, he proceeds to the particular: worker attitudes toward the pay envelope, job security, status and recognition, supervision, the union, and management's employee-relations programs. Here, as in the previous section, the author has analyzed and compared the most significant findings in this and other countries and added the specific ingredient of his own appraisal. Nowhere else is the available information so in-

clusively gathered or so acutely evaluated.

In his final section, Mr. Viteles sets a "challenge to management." The knowledge already available is, he believes, adequate to achieve the goals of increased production, of improved employee satisfaction in and adjustment to work, and of lessened industrial strife. Wider information to workers, better training of supervisors in human relations techniques, greater participation of the rank and file in determining work standards and practices, more effective collaboration between management and union, and more equitable job security emerge as the tools for management's success in achieving goals.

The subtitle of Mr. Redfield's book, *A Guide to Administrative Communication*, well describes its purpose and content. The author deals, even more than does Viteles, with case studies in public as well as private management. He combines a conceptual framework of the place of communication in management with considerable illustrative material from many sources in government, industry, and civic organizations.

Mr. Redfield divides the communication process within an agency or enterprise into three broad categories: downward and outward; upward and inward; and horizontal. Within each he describes the different media available. For downward and outward com-

munication, he identifies order-giving (with analysis of oral and written instructions), individual messages and circulars, manuals, and handbooks (including employee handbooks). For upward and inward communication, he describes administrative reporting, suggestion and complaint systems, interviewing, and employee opinion polls. For horizontal communication, he analyzes clearance and review and the conference process.

Mr. Redfield's treatment of communication is descriptive rather than analytical. His bibliographies as well as the case studies will prove useful to the public administrator as a broad introduction to the subject. He will not, however, wish to end his exploration of an important element in effective management here.

In a sense, both of these volumes, but particularly that of Mr. Viteles, are summaries of our existing knowledge in their fields. No comparable studies exist directed specifically to the public administration aspects of the problems discussed. If not, therefore, definitive—because in dynamic fields such as morale and communication new organic insights are continually built out of new experience—they will long remain benchmarks of our knowledge and practice at midcentury. The findings here are as applicable to public as to private management—and can contribute significantly to its improvement.

# Contemporary Topics

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## Legislative-Executive Relationships

President Eisenhower sent to Congress on May 25, 1954, a message indicating his unwillingness to sign H.R. 7512, a bill to provide for the conveyance of federally owned lands at Camp Blanding Military Reservation in Florida to the Armory Board of the state of Florida in order to permit coordinated management of the natural resources of the federal and state lands within the reservation. (House Doc. No. 403, 83rd Congress, 2nd sess.)

The President made clear in his veto message his complete agreement with the objectives of the bill. His reason for declining to sign it was the inclusion of a section which required that prior to the consummation of agreements to be worked out between the state of Florida and the Secretary of the Army on the disposition of certain timber and timber products, "the Secretary of the Army or his designee shall come into agreement with the Committees on Armed Services of the Senate and of the House of Representatives concerning the terms of such agreement."

The President pointed out that the practical effect of this provision "would be to place the power to make such agreement jointly in the Secretary of the Army and the members of the Committees on Armed Services." This would violate the constitutional principle of separation of powers since "the making of such a contract or agreement on behalf of the United States is a purely executive or administrative function, like the negotiation and execution of Government contracts generally." The President suggested that the purpose of the Congress might be properly accomplished by requiring specific reports from the Executive on action taken, these reports to serve as the basis for further congressional action in case later changes in the law seemed desirable.

Following receipt of the veto message, a new

bill which met the President's objections was introduced and passed (H.R. 9340).

The President's action with respect to this bill is of special interest because of the fact that several other bills introduced during the 83rd Congress have contained variations of this formula which, in effect, provides for a veto of proposed executive action by the interested committees of either or both Houses. An outstanding instance was the so-called "lease-purchase" bill (H.R. 6342) under which the federal government will contract with private builders for public buildings to be paid for by rent over a long-term lease. This bill was amended in the Senate to require approval by the Senate and House Public Works Committees when projects were first proposed and again when contracts were about to be let. Senator Dirksen, of Illinois, spoke at length on the floor of the Senate in opposition to this requirement as an invasion of the powers of the Executive. A memorandum from the Justice Department, raising questions about the constitutionality of the proposed bill, was read into the record by Senator Knowland, majority leader, but it was not until the bill was being considered in conference to adjust differences between the House and the Senate versions that action was taken to strike out this provision. The bill as finally passed requires approval of project *proposals* by the two committees but does not require approval again at the contract stage.

Another important piece of legislation amended in this way was H.R. 6788, a bill to authorize the Secretary of Agriculture to cooperate with the states and local agencies in the planning and carrying out of works of improvement for soil conservation. An amendment adopted by the House provided that before work could begin on any installation agreed upon which would require federal assistance, the Secretary of Agriculture should

"come into agreement with the Committee on Agriculture and Forestry of the Senate and the Committee on Agriculture of the House of Representatives with respect to such plan." Discussion on the floor of the House regarding the proposed amendment brought out the fact that similar provisions in other acts had been held unconstitutional by the Attorney General but the amendment was adopted nonetheless. In this case the Senate committee acted to strike the amendment and the bill as finally passed did not include the restrictive language.

### Citizenship Conference

The Ninth Annual Conference on Citizenship will be held in Washington, D. C., September 15-17. The conference, under the auspices of the board of directors of the federally chartered National Conference on Citizenship, cosponsored by the Department of Justice and the National Education Association, will bring together about 1,200 participants from all over the country representing approximately 800 private and public organizations and agencies. This year's conference theme is "The Three Branches of the Federal Government—Yesterday, Today and Tomorrow."

### New Foreign Service Program

The latest in a series of studies and reports dealing with the Foreign Service and related personnel problems in the Department of State was released on June 15, 1954. The report was prepared by a special Public Committee on Personnel appointed by Secretary of State Dulles last March to review the findings of prior study groups, particularly as they related to the merging of Departmental Civil Service personnel into the Foreign Service, and make recommendations for strengthening and broadening the professional service. Henry M. Wriston, president of Brown University, was chairman.

The recommendations of the Wriston Committee are in many ways similar to the conclusions reached previously by such groups as the Hoover Commission and the Rowe-Ramspeck-DeCourcy Committee, which recommended the integration (the Hoover Commission called it "amalgamation") of Departmental and For-

eign Service personnel above certain levels into a single administrative system.

A new note was a recommendation for establishing a Foreign Service scholarship program modeled after the Naval Reserve Officers' training plan, with about 750 candidates for a two-year training program to be nominated each year by members of Congress and by the President according to a plan similar to that now followed with respect to West Point and Annapolis.

The proposed scholarship program cannot be put into effect without new legislation, but many of the recommendations of the committee can be carried out within the authority conferred by the Foreign Service Act of 1946 and Secretary Dulles, in a statement released with the report, indicated his intention of acting promptly on a majority of the recommendations of the committee.

As a first step, he announced that President Eisenhower was, on his recommendation, nominating Charles E. Saltzman of New York, a member of the Wriston Committee and a former Assistant Secretary of State, to fill the position of Under Secretary of State for Administration, which was held until March of this year by Donald B. Lourie. This is the position which was established by special legislation early in 1953 for a limited appointment expiring December 31, 1954. The Secretary stated that "Mr. Saltzman believes, and I concur, that this new program can be fully launched and well under way" by the time his appointment expires.

Secretary Dulles also indicated his acceptance of the committee's recommendation that around 1,450 Departmental positions and all officer positions abroad under the chiefs of mission should be designated for staffing by the FSO Corps and that personnel presently in the Foreign Service Staff Corps and in the Departmental Service should be encouraged to qualify for these positions under a liberalization of the "lateral entry" program announced in March, 1951 (see Winter, 1952, *Review*, p. 65). In connection with this proposed expansion of the Foreign Service, consideration is to be given to another recommendation of the committee—that the service must open its ranks to a larger number of people with a high

degree of specialization in other than the general practice of diplomacy.

The committee was especially critical of what they characterized as the Foreign Service Institute's "pedestrian preoccupation with job mechanics" and they recommended immediate changes in faculty and curriculum to give the institute a status equal to that of the National War College.

#### Hoover Commission Task Forces

Subject matter task forces of the Commission on Organization of the Executive Branch of the Government are working through the summer on draft recommendations for the consideration of the full commission in the fall. Final reports will be published between the end of the year and May 31, 1955, at which date the commission ceases to exist (see Autumn, 1953, *Review*, p. 275).

Task forces appointed to date, with the names of their chairmen, are: Budget and Accounting—J. Harold Stewart, certified public accountant, Boston, Mass.; Business Organization of the Department of Defense—Charles R. Hook, Armco Steel Corporation, Middletown, O.; Legal Services and Procedure—James Marsh Douglas, lawyer, St. Louis, Mo.; Lending Agencies—Paul Grady, certified public accountant, New York City; Medical Services—Chauncey McCormick, former member Illinois Child Welfare Commission, Chicago, Ill.; Personnel—Harold W. Dodds, president, Princeton University, Princeton, N. J.; Procurement—Robert Wilson Wolcott, Lukens Steel Company, Paoli, Pa.; Subsistence Services—Joseph P. Binns, Hilton Hotels Corporation, New York City; Surplus Property—Robert E. Wood, Sears, Roebuck & Co., Chicago, Ill.; Water Resources and Power—Ben Moreell, Jones and Laughlin Steel Corporation, Pittsburgh, Pa.; Paper Work Management in the Executive Departments—Emmett J. Leahy, of New York; and Structure and Administration of the Central Intelligence Agency—General Mark W. Clark, president, The Citadel, Charleston, S. C.

#### Commission on Intergovernmental Relations

Meyer Kestnbaum, president, Hart, Schaffner & Marx of Chicago, and chairman, Com-

mittee for Economic Development, was appointed by President Eisenhower on April 21 as chairman of the Commission on Intergovernmental Relations to succeed Clarence E. Manion who had resigned about a month earlier. Two other changes have been made in the membership as reported in the Autumn, 1953, *Review*, p. 277. Congressman Angier L. Goodwin (R) of Massachusetts was appointed to replace Congressman Noah M. Mason (R) of Illinois who resigned at the same time as Mr. Manion, and Senator Alton A. Lennon (D) of North Carolina was appointed to fill the vacancy created by the death of Senator Clyde R. Hoey (D) of North Carolina.

The commission announced the appointment of two new study committees during June. Adam S. Bennion, vice president, Utah Power and Light Company and chairman, Utah Public School Survey Commission, is chairman of a Committee on Federal Responsibility in the Field of Education which will assist the commission in determining the appropriate national policy with respect to support of education at the national level.

William S. Rosecrans, chairman, California Board of Forestry and past president, American Forestry Association, is chairman of a Committee on Conservation and Natural Resources. This committee will study federal and state aspects of land and water management, utilization, and conservation, and will also review federal aid in the fields of state and private forestry cooperation and fish and wildlife restoration and management.

#### Schedule C Positions

It is almost a year and a half since the issuance of Executive order 10440 which set up a new category of positions in the federal government to be excepted from the competitive civil service. Prior to this, positions were excepted under the provisions of Schedule A, which covered positions "for which it is not practicable to examine," and Schedule B, covering positions of a unique or highly specialized technical nature which were subject only to such noncompetitive examination as the Civil Service Commission prescribed. The new order established a third category of excepted positions, Schedule C, to cover "positions of a



confidential or policy-determining character," some of which had formerly been included in Schedule A and others which spokesmen of the Eisenhower administration indicated had mistakenly been placed in the "career Civil Service" (see White House Press Release No. 67, March 5, 1953).

Instructions to agency heads distributed with the new order directed them to review all positions "presently excepted under Schedules A or B" to determine whether inclusion in Schedule C should be recommended and also to indicate any new positions or existing positions then in the competitive service which should be included in the new schedule.

Responsibility for approving the recommended exceptions rests with the Civil Service Commission, which has issued press releases at irregular intervals reporting on positions approved for inclusion in Schedule C. As of July 2, 1954, the commission had approved 1,078 positions for inclusion in Schedule C. Of this number, 269 were formerly in the competitive service, 553 were transferred from Schedule A, and 254 are newly established. The commission has rejected 1,059 Schedule C recommendations made by agency heads. Of these, 134 were rejected for the second time.

Agency practice has varied widely with respect to the numbers of Schedule C positions requested. The Department of Defense has requested very few exceptions (48 for the overall department, 17 for the Air Force, 16 for the Army, and 14 for the Navy), all of which have been approved. Treasury requested 23, of which only 2 were disapproved. The Department of Interior, on the other hand, has requested more than any other agency—349—of which only 92 have been approved. The Department of Agriculture runs a close second, with a request for 296 of which 94 have been approved. Other agencies with a high percentage of requests disapproved are Commerce, with 83 approvals and 112 disapprovals; Foreign Operations Administration, with 24 approvals and 72 disapprovals; Housing and Home Finance, with 46 approvals and 105 disapprovals. The Department of Justice fared better, with 117 approvals and 52 disapprovals, as did the Department of State with 131 approvals and 41 disapprovals.

### **New ICP Projects**

The Inter-University Case Program has received a grant of \$15,000 from Resources for the Future, Inc., to conduct an eight-month exploratory program of case studies in the development and administration of natural resources. At least three major cases, and a number of shorter studies, are to be undertaken. They will be designed to shed light on the decision-making process and to illustrate the patterns and problems of working relationships among agencies and organizations active in the resources field. The project is to be completed by March 1, 1955.

Another series of cases under consideration would analyze the working relationships of career government officers and political appointees in the State Department during the transition period January, 1953–January, 1954. The proposed studies would focus on selected decisions made during that period in the area of foreign economic policy.

### **Organization of American States**

A new secretary general of the OAS, Carlos Davila, a former Ambassador to the United States from Chile, took office in August, to fill the unexpired term of Alberto Lleras of Colombia, who resigned after serving six years of the ten-year term.

An Executive order signed by the President on June 3 entitles the OAS to the benefits of the International Organizations Immunities Act.

### **Study of Need for Public Administration Services in American Republics**

At the request of the Organization of American States, Public Administration Clearing House has begun a study of technical services in the field of public administration in the American Republics.

There has been significant interest and progress in the improvement of public administration in Latin America in recent years. Public officials of the American Republics have been making increasing use of technical and professional services in the administration of national, departmental, and local government. Many devices for the broadening of administrative knowledge and competence are being

explored, including training centers and institutes, seminars of technicians and officials, fellowships and scholarships to enable public officials to receive specialized training abroad, the advisory services of experts, and the writing and publication of technical literature.

The announced study will inventory this experience, attempt to identify the most promising approaches to the problem of administrative improvement, and explore the current interest and future plans of the various governments for further use of technical services. The study is expected to furnish information on the priorities of future needs and the most desirable sources of service—national facilities, interchange among the American Republics, assistance from outside the region, or some combination of the three. John B. Blandford, Jr., former general manager of TVA, assistant director of the budget, and U.S. housing administrator, and recently director-general of the UN refugee agency in the Near East, will be PACH special representative in charge of this project.

During the second half of 1954 Mr. Blandford plans to visit each of the twenty Latin American Republics. Field observations are being supplemented by research and consultations on public administration and technical assistance in Latin America by a staff unit in the Washington office of PACH under the direction of Laurin L. Henry.

The final report, to be submitted to the Inter-American Economic and Social Council early in 1955, will be available to governments of Member States of the OAS and to all interested persons and organizations.

### **Ethical Standards in Government**

A series of bills passed by the New York State Legislature this year establishes a broad program designed to provide ethical guidance and standards for public officials and employees. The bills were drafted and recommended by a Special Legislative Committee on Integrity and Ethical Standards in Government established in response to a request made by Governor Dewey in his 1954 message to the Legislature.

One group of bills, which became effective May 1, establishes a code of fair procedure for the conduct of legislative and executive in-

vestigations and, in effect, outlaws one-man investigations by requiring the presence of at least two members of such bodies before testimony can be taken at either a public or private hearing.

Additional safeguards for witnesses require that a witness shall be informed on the subject of the investigation; the right to counsel shall be maintained and the counsel also has the expressed right to submit proposed questions to be asked the witness; copies of a witness' testimony shall be available; a witness shall have the right to file a sworn statement to be incorporated in the record of his testimony; any person mentioned adversely during the course of the hearing has the right to appear before the group or to file a sworn statement; and private testimony shall be kept secret unless its release is approved by a majority of the committee.

A second group of bills, to go into effect next January 1, writes into the laws of the state a code of ethical standards for the guidance of public officials with respect to possible conflicts between the discharge of official duties and private business or professional activities, and authorizes the attorney general to establish an Advisory Committee on Ethical Standards to which he may submit requests for opinions on questions regarding officers and employees of the executive branch of the state government.

In a memorandum approving these bills Governor Dewey pointed out that through the publication of the opinions of the advisory committee "it should be possible to build up a common law, on a case-by-case basis, of opinions on ethical questions which will be useful to the public and the public officer."

At the national level, a number of bills have been introduced relating to the conduct of congressional investigating committees. A Senate Rules Subcommittee held hearings on these bills during July under the chairmanship of Senator William Jenner of Indiana.

### **Rise of Urban Counties**

For the first time in twenty-one years of publication, the *Municipal Year Book* for 1954, issued by the International City Managers' Association, includes data on the larger and more urban counties. This recognition of the close

relationships between cities, counties, and metropolitan areas is supported by the replies the association received to questionnaires sent to county officials through the cooperation of the National Association of County Officials.

Although the urban county has generally been reluctant to provide services for and exercise controls over the people spilling over the boundaries of the central city into the countryside, the number of employees and the size of the payroll in some of the more heavily urban counties indicate a high degree of responsiveness to these demands. Over one-third of all county employees in the United States are found in the 127 urban counties reporting employees and payroll. More than 41 per cent of the total nationwide county payroll is accounted for by these same 127 counties. In Los Angeles County, where the county has assumed a more important role than in any other metropolitan area, the budget of the county is larger than that of the city.

All of the counties responding to the questionnaire reported that some "municipal" activities and services are provided by the county government in unincorporated urban areas. However, since no information was obtained on the degree of activity or service, it is difficult to determine the extent to which the performance of a municipal function has been brought about by the high density of population. For example, 112 of the counties reporting indicate that they provide police protection, but in almost every case this is undoubtedly a function of the sheriff's office.

Seventy counties reported that they undertake street construction. The information reported does not show whether improvements were made in special assessment districts or on a countywide basis. Street lighting is provided by 26 counties, but again it is not known whether the expenditure is from general funds or special levy.

Garbage collection and disposal is classified as a municipal service and where performed by the county illustrates the demand for municipal-type services in urban unincorporated areas. Garbage collection and disposal service is reported by 24 counties. Public housing is an activity common to densely populated areas. Where city housing authorities are the rule rather than the exception, county govern-

ments generally are not found to be active in this field. However, 17 counties report public housing as an activity. County library service is reported by 72 counties.

Eighty-nine counties reported an official planning agency established by charter, statute, or ordinance. Among the 89 agencies, 12 are joint city-county agencies and 2 are regional. Sixty-nine of the agencies were reported to have a full-time director. In 25 counties the director is appointed by the governing body, in 33 by the planning commission, and in 4 by the county manager; 7 counties failed to report the method of appointment. Twenty-seven of the county planning agencies employ 10 or more full-time employees. A total of 52 counties reported expenditures for planning of \$10,000 or more during the fiscal or calendar year 1953.

Sixty-seven of the 167 counties reporting have comprehensive zoning ordinances covering use, height, bulk, and area. In Fulton County, Georgia, the ordinance is a joint city-county ordinance. In Wayne County, Michigan, all township zoning ordinances must be approved by the coordinating zoning committee of the board of supervisors. Comprehensive land subdivision regulations governing layout of streets, blocks, lots, and utilities in newly developed areas have been adopted by 87 counties, or 52 per cent of those reporting.

There appears to have been relatively little basic reorganization of the urban county to facilitate its performance of municipal functions. Of the 167 counties reporting on this subject, 134 have a board of commissioners or supervisors. For the United States as a whole, about 65 per cent of all counties have this type of governing body. Fourteen urban counties (8 per cent) have a board of township or town supervisors, and 14 counties report a judge and commissioner type of governing body. Four reporting counties have a judge and justices of the peace; only 10 have a county manager.

Not only is a single county executive a rarity, but the expansion of county activities appears actually to have increased the diffusion of county government. During the last two decades most states have authorized or created special county boards or commissions with varying degrees of autonomy to discharge the functions of welfare, assessment, library services,

election administration, health, hospital construction and maintenance, schools, and planning. In over one-fourth of the states there are county highway, recreation, agriculture, personnel, penal, and finance boards.

Victor Jones, professor of government at Wesleyan University, commenting in the May issue of *Public Management* on the establishment of these special boards to administer the newer functions of county government, suggests that "the by-passing of the county governing body is not the result alone of the tendency of special interests to seek autonomous administration. It clearly indicates a reluctance to place additional responsibilities upon the general county government as it is now organized."

#### Urban Transportation Committee

Six national organizations of public officials have joined to establish a National Committee on Urban Transportation which will undertake to set up practical procedures for producing the essential data upon which to base legislation, plans, fiscal policy, and design within the normal framework of an average city's administrative structure and budget. The organizations represented on the committee are the American Municipal Association, the American Public Works Association, the American Society of Planning Officials, the International City Managers' Association, the Municipal Finance Officers Association, and the National Institute of Municipal Law Officers. In addition, the U. S. Bureau of Public Roads will cooperate in developing the committee's program and the Automotive Safety Foundation will provide staff assistance.

The committee will aim at collecting overall information, in the belief that most "spot" studies, such as parking studies, have limited value because they represent a piecemeal approach to transportation problems. Pilot projects in several cities are contemplated to develop, for example, standard procedures and forms for gathering inventory, traffic, and fiscal information; model administrative structures for street and traffic management; principles for classifying all urban streets; standards for determining the adequacy of major and local streets in relation to traffic requirements; uniform definitions for street maintenance, street

construction, and traffic operation; minimum accounting standards with respect to local, state, county, and federal funds spent on municipal streets; and methods for analyzing traffic data for developing a master street plan and traffic operations program and for utilizing financial data for developing current and long-range improvement programs.

Results of the project will be brought together in a manual designed to help city officials develop broad transportation plans on an economical and continuing basis.

#### Slum Clearance Dividends

Twenty institutions of higher learning in eight cities where slum clearance programs are under way are taking advantage of special federal aid provisions to use once-blighted land to expand their campuses. Under Title I of the Housing Act, public agencies that buy up and clear slum areas and sell them at reduced prices to private redevelopers receive a federal grant covering two-thirds of the loss. The local government bears the other third of any loss.

The schools and cities engaged in rebuilding slum areas under these terms are: St. Louis University, St. Louis, Mo.; University of Pittsburgh and Duquesne University, Pittsburgh, Pa.; University of Kentucky and the College of the Bible, Lexington, Ky.; University of Alabama, Birmingham, Ala.; Drexel Institute of Technology, Temple University, and University of Pennsylvania, Philadelphia, Pa.; Knox College, Galesburg, Ill.; and Wayne University, Detroit, Mich.

Barnard College, Columbia University, Juilliard School of Music, Teachers College, Jewish Theological Seminary, and Union Theological Seminary are cooperating in a project in the Morningside Heights section of Manhattan. Cosponsors are Corpus Christi Roman Catholic Church, International House, and Riverside Church. Long Island University, New York University, and Pratt Institute are others in the New York area that are redevelopers of cleared land.

Most of the projects involve building new educational facilities, such as medical centers. Other proposed reuses of the land are for student apartments and dormitories. The Morningside Heights project calls for the building of 984 units of middle-income housing.



### Transition Program for GRA

The Governmental Research Association, an organization of groups and individuals professionally engaged in governmental research, has entered into an agreement with the Institute of Public Administration in New York City under which the institute is providing office space and general supervision for the GRA secretariat. Robert J. M. Matteson has been designated as GRA staff director to handle the institute's supervisory responsibilities.

This arrangement is part of a plan for enabling the association, which has formerly received partial support from annual grants by the Tax Foundation, to establish itself on a self-sustaining basis. The Tax Foundation is a nonprofit corporation which serves as a clearinghouse for state and local taxpayer associations, furnishing them with research materials and general information and assistance in developing their programs.

The GRA secretariat will continue to be an information center for governmental research personnel and materials. No change is contemplated in the cooperative arrangement with the Tax Foundation for the publication and distribution of the monthly *Library Bulletin*. Four issues of the *GRA Reporter* are being issued during this first year under the new arrangement and the association plans to continue to prepare and distribute the *GRA Directory*, as well as the *Directory Supplement* in off years.

The annual conference of the association is scheduled for September 13-15 at the Shawnee Inn, Shawnee-on-Delaware, Pennsylvania. Sherwood Reeder, president, Pennsylvania Economy League, and former city manager, Richmond, Virginia, is chairman of the conference committee.

### Administration Training for Lawyers

Business and public administration will be combined with law in a new four-year graduate program at Cornell University. The plan was worked out by the Law School and the School of Business and Public Administration, as an addition to the regular offerings of the two units, to enable students to combine the work for the Bachelor of Laws and a Master's

degree in business or in public administration. Ordinarily, the LL.B. requires three years and the Master's degree two.

The law-administration combination is the latest in a series of Cornell offerings to prepare specialists for administrative roles. In collaboration with other Cornell divisions, the School of Business and Public Administration has arranged professional programs in agricultural management, city planning, personnel and labor relations, and several major fields of engineering.

In the program just announced, the student will spend the first year in the School of Business and Public Administration, the second and third in a combination of studies, and the fourth in the Law School. He will receive the Master's degree at the end of the third year and the LL.B. after the fourth. The program is open to students who hold the Bachelor's degree and to those with three years of undergraduate work who can arrange to "double register" for the senior year.

### NYU Training for Administrators in Underdeveloped Areas

New York University's Graduate School of Public Administration begins this fall the third year of its special program of training administrators for underdeveloped areas. The curriculum leads to an M.P.A. or a Ph.D. Since the program's inception, over fifty graduates have begun applying their new skills in administrative positions abroad.

The school reports that the following positions have been filled by its trainees:

Brazil. Ten policemen, rank of sergeant-detective to inspector, are now in Rio de Janeiro, São Paulo, or elsewhere. One trainee each is employed in the National Civil Service Department, the Social Security Agency, and the Amazon River Development Agency.

Egypt. One trainee with the rank of colonel is an internal security officer.

Ethiopia. One trainee is administrative assistant to the Minister of Education.

India. One trainee is employed as assistant administrator in the Labor Department at New Delhi.

Iran. Three trainees have become policemen with the rank of lieutenant or captain.



Israel. One trainee has become a university professor. Another is employed as administrative analyst in the Department of Labor.

Mexico. One trainee is administrative assistant in the Ministry of Public Works.

Nigeria. One trainee is secretary to a legislative committee. Another is an assistant to a district officer.

Philippines. One trainee is employed in an administrative position with the National Commission of Elections; another is assistant to the President of the University; a third is on the staff of the Ambassador to the United Nations.

Puerto Rico. Three trainees have joined the faculty of the University of Puerto Rico. There are two each in the Economic Development Administration and the Department of Education. One is employed in the Department of Labor.

Thailand. Two trainees have become police district officers. A third is professor at Chulalongkorn University.

Turkey. One trainee holds a public relations position in the Ministry of Education.

Of the U. S. citizens who have taken the program of training, one is a field supervisor in FOA; one is a local government administrator in the British West Indies; one is doing social work administration in Pakistan; one is employed by the United Nations; one is employed in public administration in the Philippines; and three are in the civil service of Israel.

#### **International Center at Southern California**

An International Public Administration Center has been established at the University of Southern California to assist foreign students in the School of Public Administration to gain broader insights into the administrative practices of the United States.

The program is administered under the dean of the School of Public Administration by a director, with the assistance of a staff of American students. Services rendered by the center include the planning of and arrangements for laboratory trips to important governmental agencies in the western United States, tutoring assistance where needed, indi-

vidual instruction and advice by university professors, individual study areas, study materials and supplies, and secretarial assistance.

Thirteen students—from Brazil, Costa Rica, Finland, Germany, Greece, India, Iraq, Mexico, Puerto Rico, and Turkey—participated in the center's program for the spring semester of 1954.

The center is an outgrowth of the experience of the School of Public Administration in two previous programs involving students from foreign lands. The first was initiated as a result of a contract between the Economic Cooperation Administration (now the Foreign Operations Administration) and the university. Five Turkish professors studied at the university for eighteen months, from September, 1951, to February, 1953. They returned to Turkey to assume teaching responsibilities at the University of Ankara and the new Institute for Public Administration for Turkey and the Near East.

Beginning in September, 1952, a Brazilian program was initiated with eight professors, chosen as a result of nationwide competition. A contract between the Institute of Inter-American Affairs of the United States government and the University of Southern California provided for this program. Four of the Brazilians are now teaching public administration at the Getulio Vargas Foundation in Rio de Janeiro; one is teaching at the University of Brazil; one has become head of Documentation and Research at the Vargas Foundation; and one is acting as consultant to the Governor of the State of Parana.

#### **College of Europe**

Robert A. Walker, professor of political science at Stanford University, has been awarded the first Fulbright professorship in public administration at the College of Europe in Bruges, Belgium.

The College of Europe was established at the initiative of the Council of Europe "to train a carefully chosen group of graduates in the administrative, social, and cultural problems of the European Continent with the aim of preparing for the service of a United Europe to be."

Because any European union which may develop is likely to be federal in character, the college has been particularly interested in bringing to its students instruction in federal government and administration as exemplified by the experience of the United States. In response to a request for assistance in providing such instruction, special financing was arranged by the Public Administration Clearing House to enable Arthur N. Holcombe, professor of government at Harvard University, to lecture on federalism at Bruges during the winter and spring of 1952.

In 1953 arrangements were made to have two American scholars in Europe on Fulbright fellowships lecture at the college for brief periods. John A. Vieg, chairman of the Department of Government at Pomona College, lectured on "Pressure Groups and Propaganda in Relation to Public Administration" and Taylor Cole, professor of government at Duke University, discussed personnel administration with particular reference to the framework of a federal system. Similar arrangements were made in 1954 to have Arthur W. Macmahon, professor of public law and government at Columbia University, go to Bruges as a visiting professor.

In the meantime, approval was secured for inclusion of a lectureship at Bruges in the Belgian Fulbright program for 1955. It is this position which Professor Walker will fill.

#### **Marshall Scholarships**

As a gesture of thanks for Marshall aid, the British Government has established a series of annual "Marshall scholarships" to enable Americans to study at British universities. The awards are for United States citizens, men or women, who have graduated from accredited colleges or universities in the United States. They are tenable at any university in the United Kingdom, for two years in the first instance, with a possible extension to three years. Twelve awards are made every year, and places are found in the United Kingdom universities for successful candidates. The value of each award is \$1,540 a year, with an additional \$560 a year for married men.

Applications for the academic year 1955-56 must be received not later than September 30, 1954. Further information may be obtained

from British Information Services, Reference Section (Education), 30 Rockefeller Plaza, New York 20, N. Y.

#### **Indian Institute of Public Administration**

Prime Minister Nehru was the principal speaker in inaugural ceremonies of the Indian Institute of Public Administration which opened in March in New Delhi with four hundred charter members. The institute will publish a journal, maintain a library and clearing house for information, conduct research on public administration problems, hold conferences and seminars, offer post-graduate study and refresher courses, and assist in developing graduate study programs in public administration at Indian universities. The director of the institute is Professor D. G. Karve, director, Programme Evaluation Organization, Indian Planning Commission.

The establishment of the institute was one of the recommendations made by Paul Appleby, dean of the Maxwell School of Citizenship and Public Affairs, Syracuse University, who was a consultant to the Government of India in 1953. Dean Appleby returned in June, 1954, from a second trip to India during which he helped the Government implement some of his recommendations, including the establishment of the institute.

#### **By Command of Her Majesty**

The president of the Institute of Public Administration in London has announced that Her Majesty the Queen "has been graciously pleased to command that the Institute shall henceforth be known as the *Royal Institute of Public Administration*." Members of the institute are happy over this recognition of the importance of public administration and their interest in the subject.

Additional honor has come to the institute with the appointment of the editor of *Public Administration*, the institute's journal, D. N. Chester, as warden of Nuffield College, Oxford.

#### **Recent Developments in Public Administration in Israel**

The public administration of Israel is now in process of consolidation. A great deal of at-

tention is being given to in-service training. The new civil service commissioner, David Rosolio, has placed training in the forefront of his program and an experienced British civil servant arrived in July from London on a year's secondment to the UN Technical Assistance Program to advise the Israel Government on this subject. It is also significant that one of the first acts of the new Revenue Commissioner, Mr. Zeev Sharef, has been to establish a full-time training school in Jerusalem for selected Israel revenue officers.

The Israel Section of the International Institute of Public Administration at Brussels has had several meetings and the Institute of Public Administration in Israel continues to flourish. Thirty-six students have been awarded its Diploma of Public Administration and fifty are now in training in its classes in Jerusalem and Tel Aviv.

#### **Middle East Representative for Ford Foundation**

Rowland Egger, a former associate director of Public Administration Clearing House, has been granted a leave of absence from the University of Virginia to accept an assignment as representative for The Ford Foundation in the Middle East. Although his headquarters will be in Beirut, he will travel extensively throughout the area. Mr. Egger spent several months in Pakistan last year on a Ford Foundation mission as public administration adviser to the Government of that country.

#### **Administrative Problems of Dependent Territories**

Needs and opportunities for technical cooperation in public administration in dependent territories were discussed at a meeting convened at the New York office of Public Administration Clearing House May 20. There were twenty-three participants from U. S. government agencies, private foundations, and universities, invited as individual experts and not as spokesmen for their respective agencies.

The meeting was focused on a memorandum by Emil J. Sady, based on his observations in Africa and the Caribbean made while traveling under a Rockefeller Public Service Fellowship. The administrative problems

stressed were: an acute need for trained personnel in both central and local governments; inadequate sources of local government revenue; and lack of program planning and of organization and methods units in government agencies.

Mr. Sady pointed out that the Royal Institute of Public Administration and other educational and research centers in England and on the continent have shown increased interest in the administrative problems of dependent territories. Opportunities for interested U. S. organizations to cooperate in projects designed to help solve them constituted the main subject of discussion at the meeting.

#### **Rangoon Seminar**

A Seminar on Organization and Administration of Public Enterprises in the Industrial Field was held in Rangoon, Burma, in March, 1954, under the joint sponsorship of the United Nations Economic Commission for Asia and the Far East, the United Nations Technical Assistance Administration, and the International Institute of Administrative Sciences. The agenda included trends in the development of public industrial enterprises in the ECAFE region; types of organization most suitable for public industrial enterprises; organizational relationships of public enterprises within the governmental structure; financing and financial control of public enterprises; commercial aspects of public enterprises; problems of internal administration; and public understanding. Delegates attended from Burma, Cambodia, Ceylon, China, France, India, Japan, Pakistan, the Philippines, and the United Kingdom and observers attended from Israel and the U.S.S.R.

Walter H. C. Laves, chairman, Political Science Department, University of Indiana, and formerly vice-president, Governmental Affairs Institute, was secretary general of the seminar.

#### **International Political Science Meetings**

Representatives from fourteen nations participated in a Roundtable Meeting of the International Political Science Association in Florence, Italy, April 5-10, to discuss teaching

and research in comparative government. Reports were made on research in progress, including the study supervised by Professor Akzin of Israel dealing with "Problems Arising out of the Participation of New States in International Relations" and the study being supervised by Professor Harold Zink of Ohio State University on rural local government in Sweden, India, and Italy.

The Executive Committee of IPSA voted to seek funds for a seminar in the summer of 1955 preceding the next congress of IPSA, which will be held in Stockholm, August 22-27, 1955. Professor Gunnar Heckscher of Stockholm will be in charge of arrangements for

the 1955 meeting, which will include some sessions in the Swedish Parliament building. The program for this congress will include discussions on: (1) the government of large cities; (2) political parties, emphasizing their role in democracy, the place of polls in a study of political parties, and the relation between social classes and political parties; (3) the political implications of development programs; (4) presentation seminars dealing with comparative government and bureaucracy, the two topics which have occupied the attention of the association during the past two years; and (5) large and small states in international relations.

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